FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,459 Friday May 1 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 18; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

Short-term rates up again in U.S.

Short-term interest rates in the U.S. soared again yesterday. The rise in the prime lending rate from 17.5 to 18 per cent was continued by most large banks, including Citibank and Bank of America. Some analysts believe it will go higher in response to feverish conditions in the credit markets.

The Federal Funds interbank rate went above 20 per cent without any action by the Fed, seen as signifying a further tightening of credit.

Three-month certificates of deposit rose by over ½ per cent to 16½ in mid-afternoon.

Bond prices were hit by Wall Street's deepening depression, the Treasury's 12¾ per cent 30-year bond trading at a new low below 94. The yield is more than 13.6p.

GENERAL

Israel takes firm line on air missiles

Israel says it will not tolerate the stationing of Syrian anti-aircraft missiles in Lebanon.

If diplomatic efforts fail to secure their removal, it says it will take military action to destroy them. **Back Page**

Botha's victory

South African Premier P. W. Botha's National Party won 131 of the 165 elected seats in the general election—a gain of 11—but its share of the poll fell 65 per cent to 55. The liberal Progressive Federal Party gained nine seats, to total 26. **Feature, Page 24. Back Page**

EEC action

The ECC is to take legal action against France, West Germany and Belgium, who refused to pay for £163m extra social spending voted by the European Parliament. Britain is to be taken to the European Court for banning milk imports.

100 MPs in demo

About 100 Labour MPs, including Denis Healey, Eric Varley and Neil Kinnock, took part in a demonstration against unemployment outside the Employment Department. Police had to clear a path to allow angry Minister James Prior to leave. **Picture, Page 12**

Democrat drive

The Social Democrats announced that their leaders would address meetings in more than 40 towns in the next four months. Moves are being made to build support among the unions. **Page 12**

Policeman shot

An off-duty policemna, P.C. Neil Foreman was shot on the steps of the London Hospital after chasing two men who stole money from a security van in the Mile End Road. His condition was said to be satisfactory.

Radio solidarity

The Polish Government has agreed to give the union Solidarity broadcasting time on radio and television.

Horsemeat case

Swansea Council has taken out summonses against two companies and a supplier alleging 85 offences connected with the supply and sale of horsemeat from a knacker's yard.

FT accolade

The Financial Times was voted the world's most reliable English - language business journal in a survey of more than 1,200 executives in the U.S., Europe and the Far East. **Page 8**

Briefly . . .

Two Libyan pilots were killed on training flights from Hamble, Hants, when their Cherokee light aircraft collided.

Two "good amateur" paintings by Prince Andrew are to be shown in a Falmouth exhibition.

[illegible] is setting up an inquiry [illegible] sport sponsorship in [illegible], headed by Labour MP [illegible] Howell.

House of Lords roof repairs [illegible] cost at least £2m and will [illegible] four years.

BUSINESS

Equities at record on 17.4 rise

● **EQUITIES** closed 17.4 up at a record 597.3 on news of ICI's first quarter profit. The FT-Actuaries three main indices reached all-time highs: All-Share up 1.9 per cent at 332.10; Industrial Group up 2.2 per cent at 312.40; 500-Share up 2.1 per cent at 351.29. **Page 44.**

● **GILTS** edged higher helped by financial year-end considerations. The FT Government Securities index rose 0.08 to 68.90. **Page 44**

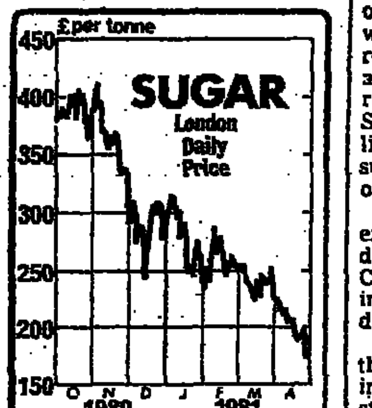
● **WALL STREET** was down 2.38 at 1,001.44 near the close. **Page 42**

● **DOLLAR** eased to DM 2.21 (DM 2.2110) and SwFr 2.02 (SwFr 2.0210) but firmed to Y215.60 (Y214.65). Its trade-weighted index rose to 103.3 (103.2). **Page 36**

● **STERLING** lost 20 points to $2.1405, its lowest closing level since early April last year. It weakened to DM 4.7300 (DM 4.7375) but rose 1 centime to FFr 11.2425 (FFr 11.2325). Its index was unchanged at 98.9. **Page 36**

● **GOLD** rose $4¼ in London to $482. **Page 36**

● **DAILY SUGAR** price in London fell by £10 to £173 a tonne, the lowest since January last year. Futures rallied, the October position closing £7.45 up at £192.825 a tonne. **Page 43**



● **MEXICO** announced the discovery of its first commercial oil and natural gas reserves in the Gulf of California

● **UNITED AIRLINES** of the U.S. sent five manufacturers specifications for $9bn (£4.2bn) worth of aircraft it intends buying between 1986 and 1992.

● **ROLLS-ROYCE**, the state-owned areo-engine manufacture, cut its net loss from £63m to £27m last year. **Back Page; Drive to better productivity, Page 9**

● **RIVAL BIDS** for the Royal Bank of Scotland are likely to be referred to the Monopolies Commission. **Back Page**

● **LIVERPOOL PORT** achieved its target of 1,250 voluntary redundancies among dockers.

● **HOOVER**, domestic appliance maker, had a first quarter pre-tax loss of £3.82m compared with £1.77m profits. **Page 26; Lex, Back Page**

● **JOHN MOWLEM**, construction group, increased taxable profits by 9.5 per cent to £6.26m last year and is making a £5.26m rights issue. **Page 28**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Royal Insurance	392 + 14
[illegible] Biscuit	90 + 8	Tunnel "B"	421 + 21
[illegible] Inds	362 + 27	Turner and Newall	113 + 7
[illegible]	496 + 18	Unilever	544 + 26
[illegible] Breweries (Wrexham)	89 + 7	United Wire	521 + 14¼
[illegible]	272 + 12	Willis Faber	335 + 10
[illegible] Aerospace	237 + 10	Wimpey (G.)	129 + 12
[illegible] Bank of Australia	220 + 45	NCC Energy	135 + 13
[illegible]	177 + 13	CRA	256 + 12
[illegible]	78 + 5	Central Pacific Mins.	117 + 7
[illegible]	97 + 6	Charter Cons.	265 + 9
[illegible]	[illegible] + 8	East Daggafontein	135 + 24
[illegible]	261 + 18	Hampton Areas	198 + 18
[illegible]	170 + 15	Mount Lyell	100 + 10
[illegible]	326 + 16	RTZ	550 + 20
[illegible]	[illegible] + 11	**FALLS:**	
[illegible]	[illegible] + 27	Crouch Group	156 − 14
[illegible]	[illegible] + 11	Davies and Newman	143 − 19
[illegible]	[illegible] + 7	Downiebrae	18 − 4
[illegible]	[illegible] + 15	Wace Group	18 − 5
		Williams and James	95 − 9
		Hanna Gold	66 − 6

Atkins accuses IRA of creating climate of 'tension and fear'

BY STEWART DALBY AND WALTER ELLIS IN BELFAST

MR. HUMPHREY ATKINS, Northern Ireland Secretary, yesterday accused the Provisional IRA of having deliberately planned and created a climate of "tension and fear" in the province.

His attack on the province's main Republican terrorist group was delivered as Mr. Bobby Sands, the hunger-striker in the Mae prison outside Belfast, was approaching death on the 61st day of his fast.

He is demanding prison conditions which the UK Government has rejected as being the equivalent of granting political status.

Mr. Atkin's attack was the most forthright condemnation of Provisional strategy that he has made since becoming Secretary of State.

He said: "They have brought about considerable community concern by cynically playing upon and fostering inter-sectarian fears with the objective of establishing conditions in which violence can be wilfully launched and subsequently justified."

In a long statement issued from Westminster he said the Proviisonal IRA was considering evacuating residents from one part of Belfast to another, burning down the empty houses and then attributing the blame to Protestant Loyalists.

He continued: "Already they have actually ear-marked houses for these intended evacuees, and owners have been ordered to co-operate. In other areas the Provisional IRA are suggesting that arms intended for use against the Catholic community have been moved in."

Mr. Atkins said leaflets were circulated saying certain areas would be overrun by Loyalist paramilitary groups led by the security forces. He said the leaflets called on residents to stockpile food and other essential commodities.

"Those who will not co-operate in supporting the hunger strike are told they will not get essental goods which the Provisional IRA claim they will control in a crisis. Most contemptible of all, they plan wherever possible to use young people in the confrontation they seek with the police."

The IRA accused Mr. Atkins of making a "major attempt" to divert attention from the hunger strike and the determination of the hunger strikers.

It said in a statement: "The IRA are not involved in whipping up nationalist fears—the British Government and the Loyalists are the experts in this field."

As tension mounted in Belfast yesterday Republican and Loyalist groups in the city were organising a campain of food storage in preparation for violence

Bread supplies were severely run down by mid-morning

Yesterday Mr. Sands's mother visited him. On leaving the prison she said: "We are prepared for the end." She said she had promised she would not ask for him to be force-fed

Father John Magee, the Pope's special envoy, tacitly admitted that his mission to persuade Mr. Sands and three other hunger-strikers to call off their fast had failed.

The Provisional Sinn Fein does not deny contingency plans were made for defence and evacuation in the event of Mr. Sands dying. It denies, however, that they are planning a campaign of bombings and murders. They say they are making contingency arrangements in the event of the loyalist backlash against any street violence.

Why IRA might not intensify violence, Page 7

Budget increase on diesel fuel duty cut by half

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday conceded opposition and Conservative backbench demands to cut by half his 20p Budget increase in diesel fuel duty.

To preserve the overall shape of his Budget, the concession—which will cost £85m in lost revenue this year and £135m in a full year—will have to be recouped by some other means. Sir Geoffrey hinted that his likely target will be higher consumer taxes, probably on drink or tobacco.

The Chancellor's retreat, endorsed by the Cabinet yesterday, followed a rebellion by 30 Conservative MPs against the increase in petrol and derv duties imposed in the Budget.

They were incensed by what they regarded as the unfair impact of the rise on rural constituencies.

Sir Geoffrey was adamant that he could not budge on the 20p petrol duty because of the grave implications a reduction would have on his revenue calculations. The cut of 10p in diesel fuel tax was regarded as the minimum needs to persuade Tory rebels to support with reluctance the increase in petrol duty.

The Chancellor also announced a further sweetener for MPs from rural constituencies when he confirmed that £5.5m was being made available to the glasshouse industry to help to meet risng fuel costs.

The cut in diesel fuel duty will not come into effect until the Finance Bill, implementing the Budget provisions, reaches the Statute Book at the end of July or by August 5 at the latest. This means that, until then, the Exchequer will have the benefit of the 20p duty increase.

In his intervention yesterday during the committee stage of the Finance Bill, the Chancellor was non-committal on the alternative revenue that would now have to be raised, but his comments clearly pointed towards further consumer taxes.

"There are a range of possibilities to be examined." he said, adding that he would bring proposals before the House in due course.

Although he emphasised he needed no encouragement to seek more public spending cuts, the Chancellor said it was extremely difficult to reduce expenditure in the current financial year. He also had no intention of cutting public sector investment to make up the shortfall.

The other options specifically rejected by the Chancellor in recent weeks have been substantial increases in gambling taxes, the extension of the road fund tax to caravans, and a new tax on package holidays.

Higher taxes on gambling were the most popular alternative, Sir Geoffrey admitted. But his fear was that this would raise the "real risk" of driving gambling underground.

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Growers welcome aid, Page 43

Biffen attacked over St. Piran

BY REG VAUGHAN

MR. NICHOLAS GOODISON, chairman of the London Stock Exchange, has added his voice to the criticism of Mr. John Biffen, the Trade Secretary, over his conduct in the tangled affairs of the St. Piran tin-mining and housebuilding group.

His hard-hitting statement was an unusually open attack by the Stock Exchange on the conduct of a Minister.

Last month Mr. Biffen rejected the recommendations of tow Trade Department inspectors that he use his powers to wind up the group, at the centre of controversy for the past two years over the influence on it of Mr. Jim Raper, whose master company is in Hong Kong.

Mr. Goodison criticises the Detpartment of Trade for being "unnecessarily weak." The City authorities took all steps available to them and expected the Trade Secretary "to take appropriate action" when the facts about St. Piran were established.

Having appointed inspectors, Mr. Biffen "should have accepted their advice."

Defending the role of the City's self-regulatory system in the St. Piran affair, Mr. Goodison said that the case "points not to a weakness in non-statutory regulation, which has worked with remarkable effectiveness for many years, but in statutory regulation."

The two should work in partnership, he said, but "this occasion the statutory part of the partnership seems to have been unnecessarily weak."

Department of Trade inspector's recommendation last month that St. Piran be wound up followed a 12-month investigation. This advice was rejecetd by Mr. Biffen.

Since the report was published Mr. Raper's company Gasco Investments has acquired contro lof St. Piran with a 60p a share bid, despite serious criticism last year from the Takeover Panel, and a requirement under the Takeover Code that Mr. Raper make a bid at 85p.

Mr.Geoffrey Knight, a deputy chief executive of the Stock Exchange, said yesterday that Mr. Goodison's statement "reflects a view in the City."

Mr. Stanley Clinton Davis, Opposition spokesman on Trade, has written to Mr. Biffen accusing him of "positively assistang" Mr. Raper in acquiring St. Piran.

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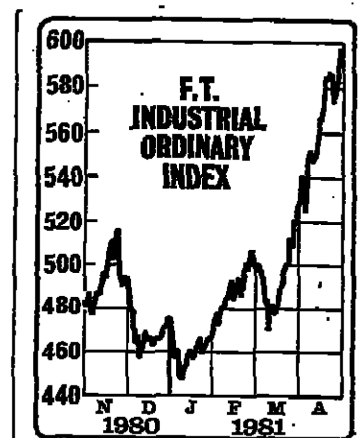
For latest Share Index phone 01-246 8026



ICI first quarter profits rise to £52m

By Sue Cameron, Chemicals Correspondent

PRE-TAX PROFITS at Imperial Chemical Industries, Britain's biggest manufacturing company, rose to £52m for the first three months of this year—a dramatic seven-fold increase over the final quarter of 1980.

On the London Stock Exchange, the news sent the group's shares surging by 20p initially, but they later receded slightly to close at 326p — up 16p on the day, and 33 per cent above the price at the start of this month.

The improvement also helped to boost the FT Index of 30 top industrial companies by 17.4 to close at a record 597.3. The FT-Actuaries All-Share Index also reached a new peak yesterday of 332.1 up 1.9 per cent on the day.

ICI insisted on taking an extremely cautious line about its surging profits, attributing them largely to a seasonal upturn and the fact that there were two extra working days in March this year, equivalent to an extra 10 per cent in output for the month.

The group made pre-tax losses in the second half of last year and yesterday said that while its performance had improved in the first three months of 1981, the results "were still very poor by anybody's standards."

At the end of February the chemical giant sent shock waves through the City by cutting its final dividend for 1980 for the first time in more than 40 years, and warning that the outlook for 1981 was "poor."

The upturn in ICI's business seems to have begun within days of that statement.

The group's sales volume in

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Financial Times

Due to an industrial dispute some items from Wednesday's Financial Times were repeated in yesterday's editions. We apologise.

Canadian group may reopen Bowater mill

BY WILLIAM HALL

CONSOLIDATED BATHURST, one of the world's largest newsprint producers, is considering reopening Bowater's newsprint mill at Ellesmere Port, Cheshire.

The Canadian company has taken a 60-day option to buy the property and plant of Bowater's Mersey Mill, closed last year with a loss of 1,600 jobs because it lost £6m a year and Bowater could see no prospect of improvement.

This is the second attempt by Consolidated Bathurst to start a newsprint operation in the UK. Last year it discussed converting Wiggins Teape's Fort William Mill to newsprint. The plans were abandoned because of strength of sterling and energy and wood costs.

Mr. Ingram Lenton, chief executive of Bowater UK, said last night that the approach had come as a surprise. He stressed that it was no more than "an exploration of a possibility." He promised Bowater's full co-operation in re-establishing the Mersey mill as a going concern.

He would give no indication of how much Consolidated Bathurst would pay.

Consolidated Bathurst plan to run three newsprint machines with a total capacity of 220,000 tonnes a year, employing 400 people. Before its closure the mill produced 185,000 tonnes a year and employed 1,600, but not all worked on newsprint.

Britain consumes about 1.4m tonnes of newsprint a year. Most is imported from Canada and Scandinavia. The only two UK producers are Reed and Bowater, which have closed most of their UK capacity in the last year because of heavy losses.

Reed retains one newsprint machine at Aylesford, Kent which can produce 55,000 tonnes a year, and Bowater has two at Kemsley, Kent, producing 50,000 tonnes a year.

Consolidated Bathurst's plans to produce newsprint at Ellesmere Port, probably in about 30 months, are dependent on converting the Bathurst kraft pulp mill in New Brunswick to thermo-mechanical pulp production. The pulp from this mill would be shipped to Ellesmere Port.

Bob Gibbens in Montreal writes: The Consolidated-Bathurst pulp mill in New Brunswick is old. The company has tried to find ways of modernising it for some years. It is on tidewater and could be converted to thermo-mechanical pulp at relatively low capital cost.

Cost of installing a large new newsprint machine in Canada is about C$200m (£77m).

Union leaders press for Civil Service strike

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of the front-running union in the pay campaign in the Civil Service are pressing for a week-long national strike in the Service from May 25, to be followed by selective strikes in sensitive Employment and Health and Social Security Departments areas.

If the proposal from the Society of Civil and Public Servants, representing executive grades in the Civil Service, were to be adopted by the other unions it would be a major intensification of the action.

But the proposal could bring out latent divisions between the unions on strategy.

Mr. Bill Kendall, secretray-general of the co-ordinating Council of Civil Service Unions, is thought likely to argue that the action is on course, and that a four- or five-day strike would serve no purpose. If such extension is sought, it is likely that he will argue it should be an all-out, indefinite strike.

The attempt to intensify the present action will be made at the society's annual conference in two weeks' time at Blackpool. The union's executive council will seek support for n emergency motion stating:

"Recognising that the action taken so far has not shifted the Government, conference therefore agrees that

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Dispute "not harming economic strategy," Page 12

£ in New York

	April 29	Previous
Spot	$2.1470-85	$2.1450-65
1 month	0.52-0.59 pm	0.78-0.85 pm
3 months	2.85-2.35 pm	2.35-2.45 pm
12 months	7.25-7.45 pm	6.90-7.10 pm

W. German current account deficit doubles

BY STEWART FLEMING IN FRANKFURT

A SURGE in imports plunged the West German international trade balance back into the red in March for only the third time in 15 years.

The visible trade deficit was DM 134m (£28.7m) after DM 864m (£185m) in February. The overall deficit on the current account in the month more than doubled to DM 2.8bn (£595m).

The figures were greeted with dismay by some German bankers partly because March has normally been a strong month for the German trade accounts but also because there had been hopes that recent signs of a strengthening of the Federal Republic's trade performance would be sustained.

Bankers suggested that the latest figures will make it even harder for the Bundesbank, the West German Central Bank, to relax its tight monetary policy.

For the whole of the first quarter, the current account deficit has soared to DM 9.3bn compared with DM 5.1bn in the first quarter of 1980.

The continued deterioration of the West German current account—in spite of the evidence that oil imports are running at a lower level than a year ago, and in spite of the weakening economy—is particularly worrying to senior Government officials, one of whom remarked that the latest figures underlined the scale of the task which Germany faces if it is to help the steady weakening in the past two years.

On the foreign exchange markets, the D-mark was again weak against the dollar, prompting both official and, according to dealers, open market support intervention by the Bundesbank.

But there had been reports this week that the trade figures would be poor, and the actual announcement did not spark renewed heavy selling of marks.

Some dealers suggested that the German currency might come under further pressure next week. But with a new banking month opening, short-term German interest rates might rise and this could in turn help.

Yesterday the mark opened in Frankfurt at around DM 2.2155, fell slightly to around DM 2.2170 before closing around DM 2.2070.

Polish hardliners stay in power

BY CHRISTOPHER BOBINSKI IN WARSAW

A POLISH Communist Party Central Committee meeting ended in the early hours of yesterday morning brought changes in the leadership, but left noted hardliners in the Politburo.

One hardliner, Mr. Stefan Olszowski—until now in charge of the media—now also takes responsibility for foreign relations. Another, Mr. Tadeusz Grabski, was chosen to head a 15-man committee to prepare a report on how much responsibility for Poland's crisis should be attributed to the previous leadership.

But the meeting brought no general condemnation of reformers in the party, and thus soothed fears raised after a visit to Warsaw last week by Mr. Mikhail Suslov, the top Soviet ideologist.

The meeting brought two spokesmen for the party rank and file into the Politburo. One, Mr. Gerard Gabrys, is a miner, and the other, Mr. Zygmunt Wronski, is from the Ursus tractor works.

The gesture is designed to appease party members demanding that rank-and-file views be represented at the top. But the appointments are not necessarily a very radical departure. Even though the two men have made outspoken speeches over the past few months, they have long had close links with the party establishment. Mr. Josef Masny, the party first secretary in Opole, and Mr. Tadeusz Cyprpniak, the first secretary at Szczecin, were also brought into the top leadership.

The meeting saw the dismissal of Mr. Josef Pinkowski, the ex-Prime Minister, Mr. Emil Wojtaszek, and two other top leaders. Mr. Olszowski came in for much criticism before and during the meeting for his handling of the media, and he owes his apparently strengthened position to the support of Mr. Suslov.

The changes in the party statutes, proposed by the Central Committee, to make the party more democratic, will not have satisfied the grass roots movement.

Theatres become stage for new-look May Day

BY OUR CORRESPONDENT IN WARSAW

THE RED FLAG and the national white and red flag are out on Poland's streets today for the first May Day in the country since the strikes last summer.

Traditionally a giant parade drummed up by the Party authorities has spent most of May 1 marching past the leadership in Warsaw's main square. The pattern was repeated everywhere.

This year Solidarity, the independent union, claiming up to 10m memebrs, has refused to take part in the demonstration and has organised cultural events instead. Members are being encouraged to go to the theatre, watch films and listen to concerts.

The Party has, meanwhile, cancelled the marches in many places and replaced them with meetings. In Warsaw the authorities have decided to stick to the traditional demonstration but chosen a smaller square.

The weekend means that the break will run into May 3, which is a pre-war holiday marking the introduction of a reforming constitution in 1791 which helped to bring about Poland's partition.

This anniversary, ignored until now by the authorities, will be celebrated by Solidarity.

Giscard chides hesitant Gaullists

PRESIDENT Valery Giscard d'Estaing yesterday showed that he was becoming increasingly worried about the outcome of the French presidential election on May 10 when he chided the Gaullist RPR Party for not making up its mind which way to vote.

The outgoing President's statement coincided with reports that a public opinion poll, due to be published tomorrow by the news magazine Le Point favoured M. Francois Mitterrand, the Socialist challenger.

M. Giscard d'Estaing who was speaking to 500 representatives of the liberal professions, said he could not understand how Gaullists could vote for a candidate who would be elected with the support of the Communists. It would be illogical for those who called for the elimination of M. Mitterrand in the first round to choose him in the final ballot.

The President was clearly referring to the positions adopted over the past few days by the Communist and Gaullist RPR Parties, both of whose candidates—M. Georges Marchais and M. Jacques Chirac, respectively—were knocked out in the first round of voting last Sunday.

While the Communist Party's central committee has issued an unconditional appeal to its supporters to back M. Mitterrand in the second round, the Gaullists' central committee took an even more ambiguous stand than M. Chirac.

"Everybody must decide for himself which way to vote according to his conscience, while taking into account the interests of France," the resolution adopted by the RPR committee said. However, a number of leading Gaullists, including former Prime Ministers M. Jacques Chaban-Delmas, M. Maurice Couve de Murville and M. Pierre Messmer, have declared their support for M. Giscard d'Estaing.

Meanwhile, the two surviving candidates for the presidency have become engaged in a curious battle over the organisation of a televised debate between them before the final ballot. The result may be that the confrontation will not occur.

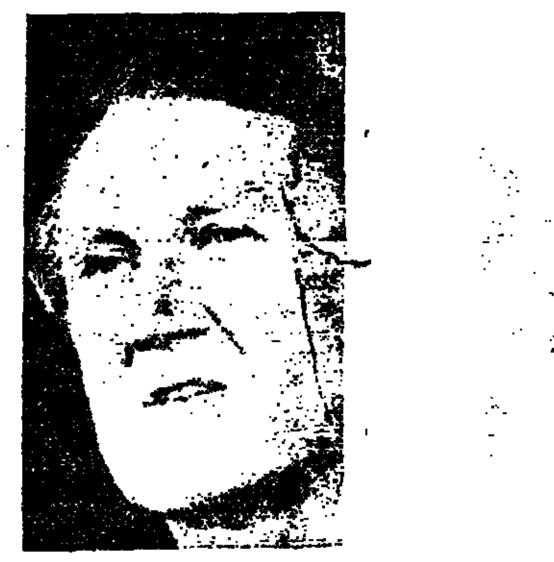
M. Mitterrand, who plainly still has bad dreams about the drubbing he received from M. Giscard d'Estaing in previous face-to-face encounters on TV, such as the one during the 1974 presidential election campaign, has set a large number of pedantic provisos for the debate.

His 22 conditions, which include the presence of two journalists on each side who will be able to ask questions and thus reduce the direct exchanges between the candidates themselves, have been rejected by M. Giscard d'Estaing.

M. Giscard d'Estaing's spokesman, M. Jean-Philippe Lecat, the former Culture Minister, said M. Mitterrand had rejected "the classic form of debate for which all Frenchmen knew the rules."

Australia shaves £333m off public spending

BY PATRICIA NEWBY IN CANBERRA



Mr. Fraser . . . 'sackings inevitable'

THE AUSTRALIAN Government yesterday announced cuts of more than A\$600m (£333m) in public spending over the next 12 to 18 months and warned that there was more to come.

The cuts, set against a Federal budget of A\$36bn for 1980-81, are the chief element among some 350 decisions thrown up by the Review of Commonwealth Functions, which has been trying to find ways to reduce Federal spending.

While some of the measures proposed by those conducting the Review, known as the "razor gang," are of little immediate consequence, many will undoubtedly mean a real shift of power from the Federal to State Governments and to private enterprise. Chief among them are:

- The loss of more than 16,000 jobs out of 150,000 in the public service. Mr. Malcolm Fraser the Australian Prime Minister, said yesterday that sackings would be inevitable. The Australian High Commission in London, for example, will lose 232 jobs.
- Qantas, the national airline, is to be allowed to set its own fares, in a move which the Government hopes will sharpen its competitive edge. Mr. Fraser told Parliament that efforts to free Qantas from "undue regulation and restrictions" would continue.
- Large slices of health and education funding are to be transferred to the states, which will also take on some railway funding and responsibility for regulation and control of nuclear activities. Mr. Fraser made it clear he intends to force the states to prune their present costs to meet the extra expenditure.
- The Federal Government also plans to sell off or lease a number of operations to private enterprise, including Government bookshops, the Post Office courier service, the Housing Loans Insurance Corporation and munitions plants. Surplus Federal land and shareholdings are also likely to be sold.

Yesterday's announcement appeare dto be a likely watershed in Federal-state relations in Australia and the first real sign that Md. Fraser's Government is prepared to act on its frequently stated philosophy of "smaller government."

Mr. Fraser said the Review Committee would continue its work and full-scale inquiries would be held into staffing in the defence departments and telecom, the country's telecommunications authority.

However, the Prime Minister has a major hurdle to overcome in persuading state governments to fund the programmes Canberra wants to shed. Large areas of health and education are to be transferred to the states. Other transfers include part of the Commonwealth railways, responsibility for regulation and control of nuclear activities, and administration of national parks.

When the state Premiers meet in Canberra on Monday there are bound to be fireworks when they demand, and are refused (as expected) Federal funds or at least permission to borrow abroad, to finance their new responsibilities.

The philosophy that the user would pay permeated Mr. Fraser's speech. The Commonwealth will no longer fund free hospital treatment and will reintroduce tertiary education fees for students working towards second degrees.

The states have the power to levy tax if they wish but most Premiers will resist the temptation because of the political backlash extra tax would probably invoke.

Mr. Fraser's announcement is being seen as well timed as the unpopularity of some of the cuts should have subsided by the 1983 election. He has also stolen the thunder from Mr. Andrew Peacock, the former Industrial Relations Minister, who resigned recently accusing Mr. Fraser of mismanaging the Cabinet.

Doubts grow over future of Gibraltar

By Jane Monahan in Madrid

MEBERS OF the British Foreign Affairs Committee of the House of Commons left Madrid yesterday after two days of talks with Spanish politicians with the future of Gibraltar more complicated than ever.

The purpose of the visit was to break a deadlock in negotiations on the rock, and to test opinions of Spanish politicians.

Three weeks ago, the committee went on a similar fact-finding mission to Gibraltar. The outcome of both visit will be a report presented to the British Parliament.

Both visits were planned before the abortive coup in Spain in February, and according to Sir Anthony Kershaw, a Conservative MP and the leader of the Parliamentary group, this has been a serious complication.

Sir Anthony says that during the committee's visit to Gibraltar it was evident that the attempted coup had heightened fears of a change in the status of the rock.

Spanish police seize papers

By Our Madrid Correspondent

IN THE first action of its kind since democratic elections in 1977, Spanish police yesterday occupied the printing offices of the Liberal Ciario 16 newspaper and confiscated copies of the paper from news stands.

The police swoop, which cut yesterday's circulation of the paper by an estimated 40 per cent, coincided with the publication of an article investigating developments that led up to February's coup bid.

Sr. Garcia Escuredo, chief magistrate in charge of the legal investigations on the coup plotters, said recently that nothing should be reported in the Press that was sub judice.

Clean-up halted

A drive by Norway's Fisheries and Oil Directorates to clear key North Sea fishing grounds of litter left by offshore oil companies has been halted because of Government spending cuts. Faj Gjester reports from Oslo.

Row breaks over Italian abortion referendum

BY RUPERT CORNWELL IN ROME

THE involvement of the church, and of the Pope in particular, in the campaign for next month's abortion referendum, has rekindled the age-old controversy of Vatican interference in Italian affairs.

The Pope has spoken out several times against abortion, coming as close as he dared to urging Italians to repeal the existing moderately permissive legislation when they vote on May 17.

But what was a campaign seems a crusade after the announcement that the Pontiff will be speaking in Rome on successive Sundays before the referendum, on subjects connected to the life of the family.

In the heated climate surrounding the vote, his appearances—this Sunday at the giant Palazzo Dello Sport, and the following week at a rally in St. Peter's Square—will end up almost inevitably as election rallies in which the full weight of the Pope's moral authority and popularity will be thrown into the battle.

Two of the five or six points in the referendum are concerned with abortion, which is a desperately sensitive issue in overwhelmingly Catholic Italy.

The number of proposals is in doubt because a proposal to abolish courts martial may be overtaken by parliamentary approval before May 17.

The first, emanating from the left-wing Radical Party, would in effect, remove all restrictions on abortion. It has no chance of success.

But supporters of the existing law are increasingly fearful that the other one, launched by Italy's Catholic-backed Movimento per la Vita (Movement for Life) and so resoundingly endorsed by the Italian church, might succeed.

The left and "lay" centrist parties oppose the proposals, which would have the effect of making legal abortion virtually unobtainable, except where the life of the mother was in danger, and have attacked the church bitterly for going too far in its involvement with a political concern.

The Italian episcopate has responded that it is a moral question on which the church has every right to speak. For its part, the Catholic Christian Democrat Party is trying to keep out of the fray.

Pope John Paul II . . . a most persuasive advocate

Eurocrats angry as top people take their leave

BY JOHN WYLES IN BRUSSELS

A EUROCRAT in Brussels enjoys somewhat more job security than the manager of a failing football club, but many staff at the European Commission have been shaken by a purge of senior officials who have been asked to leave "in the interests of the service."

The corridors of the Berlaymont, the Commission's headquarters, are echoing with plaintive tales of men with a lifetime's commitment to Europe suddenly learning that it was in Europe's interest that they should no longer be employed

Altogether, 27 top officials, most of them in charge of administrative units called directorates and aged between 50 and 60, will be taking their leave of the Commission over the next few months

Some are going voluntarily, but it is said that the majority have been forcibly reminded of the "interests of the service"

Feelings which might have been soothed by the fact that this is not the sack—which can only follow a disciplinary offence—have, however, been upset by the insensitive way in which some of the departures have allegedly been handled "It is leaving a nasty taste," said one Eurocrat yesterday

But the Community is not totally unfeeling and applies generous financial balm to any wounds inflicted. Most of those on what has been called the "hit list' 'earn upwards of £40,000 a year and will receive 70 per cent of their basic salaries for the next five years and then 60 per cent until they reach the age where they can lean back on a similarly munificent EEC pension.

Each new Commission — this one came into office four months ago — tends to shake out some senior staff, but there is no recollection of the employment tree being shaken as vigorously as this before.

Significantly, five director generals, the Commission's most senior full-time officials, have also taken early retirement. Un-

- Mr. Michael Jenkins, a 45-year-old former British diplomat with extensive Commission experience, has been appointed deputy secretary general to the Commission. He succeeds Mr. Christopher Audland, who has become director-general responsible for energy.

Mr. Jenkins will become the Commission's senior representative at the meetings of EEC ambassadors and its official responsible for monitoring developments in political cooperation.

Possibility of CAP funds reform recedes

BY OUR BRUSSELS STAFF

THE POSSIBILITY of attempting to reform the Common Agricultural Policy by making national governments pay part of the £6.5bn a year bill appears to be receding following European Commission discussion here yesterday.

The idea has long been regarded as heresy in several member states and this is reflected in the attitudes of several members of the 14-member Commission.

"Financial solidarity" or joint financing through the EEC budget is a basic principle of the CAP and its defenders claim that both the policy and perhaps the Community would fragment if it was breached.

The Commission seems unlikely to pursue the idea of national financing of the CAP as part of its work on the so-called mandate.

By the middle of June, the Commission has to indicate various approaches to solving the "unacceptable situation" flowing from the fact that both Britain and West Germany are much the largest net contributors to the EEC budget.

Commissioners are contenting themselves with launching studies by officials on various aspects of the CAP, which consumes 70 per cent of EEC spending, and on possible budget mechanisms which would reduce the British and German budget burdens without necessarily making any major alterations to current policies.

As a result, there are no obvious clues as to the final shape of the Commission's proposals and, indeed, some evidence that Commissioners will postpone most of the difficult decision they have to make until close to the mid-June deadline.

However, it loks alikely that the CAP will be overhauled rather than remodelled.

Greek inflation rate 'will fall'

ATHENS—Greece's 25 per cent inflation rate, the highest in the Common Market, will drop slightly this year despite faster economic growth, Mr. Xenophon Zolotas, Greek Central Bank governor, predicted

Mr. Zolotas forecast in his annual address to shareholders that inflation, running at 25 per cent for two successive years, will drop to about 22 per cent in 1981.

He predicted that inflation can be held down despite a jump of \$1bn in the cost of oil imports, and the slide in value of the drachma against the U.S. dollar, which raises the cost of imported goods.

AP

UK 'breaking embargo' on arms for South Africa

BY DAVID TONGE

THE ANTI-APARTHEID Movement yesterday accused the British Government of breaking the mandatory United Nations arms embargo on South Africa.

Just before a sensitive UN vote on whether to extend the range of sanctions against South Africa, the movement released photographs of a South African registered Hercules transport aircraft being loaded with Plessey radar equipment. The photographs were taken on Wednesday at Hurn airport, Dorset.

The movement claimed that the equipment was military radar equipment and included collapsible mobile radar units and a mobile control unit. The items were described as being similar to components of the AR 3D system. Plessey promotional literature says its mobile radar stations have "compatability for autonomous controls of individual weapon systems."

Yesterdayq the company had no comment.

The UN arms embargo, introduced in 1977, calls for a ban on shipments of "arms and related material of all types." Yesterday a Foreign Office official said that the matter had been looked into and insisted there had been no infringement of the UN arms embargo.

He confirmed that the equipment was for air surveillance and was being supplied under a contract approved by the Labour Government in 1977. He said that Lord Carrington, the Foreign Secretary, had explained this in a letter to the movement in September, 1979.

However, the movement said yesterday that its previous complaints had been about radar with dual civil and military uses. This latest shipment was for military use only. The Foreign Office had refused to answer further enquiries on the contract, it said.

Tax reforms threaten to sink the Swedish Government

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S POLITICAL crisis this week has been a comedy of errors. It can also be viewed as the final proof that a coalition of non-socialist parties with a programme stitched together from compromises can neither change the direction or more effectively govern a society created by 44 years of Social Democrat rule.

Mr. Thorbjörn Fälldin, the Prime Minister, put on a splendid "old rustic" act on Tuesday, when he pretended to see no crisis and offered patience as the remedy for the only too obvious splits within his cabinet.

He initially dumbfounded both Mr. Gösta Bohman, his Economy Minister, who is also Moderate (conservative) Party chairman, and Mr. Olof Palme, the opposition leader. But he failed to convince them. Both subsequently demanded straight answers on the taxation issue which set off the unforeseen crisis last Friday.

The three-party non-socialist coalition has been at odds before, in particular in 1978 about nuclear power. Mr. Fälldin and his Centre Party opposed nuclear power whereas the Liberals and Moderates, like the Social Democrats, were in favour. After the matter had been put to the people in a referendum, three-party unity was cobbled together again.

It is significant that taxation was the bomb which finally blew up in the Government's face. Sweden has expanded its welfare structures more than any other country, with public spending amounting to some 65 per cent of gross national product and personal taxes arguably the highest in the world.

The need for tax cuts "to get Sweden going" has been a consistent Moderate Party theme since the three non-socialist parties ousted the Social Democrats in 1976.

They adjusted tax rates to price rises by introducing an indexation system to eliminate the effect of inflation, but not until earlier this year could the three parties agree on a thorough-going tax reform which would cut the top (marginal) tax rate to 50 per cent for "the dominating part of full-time wage and salary earners."

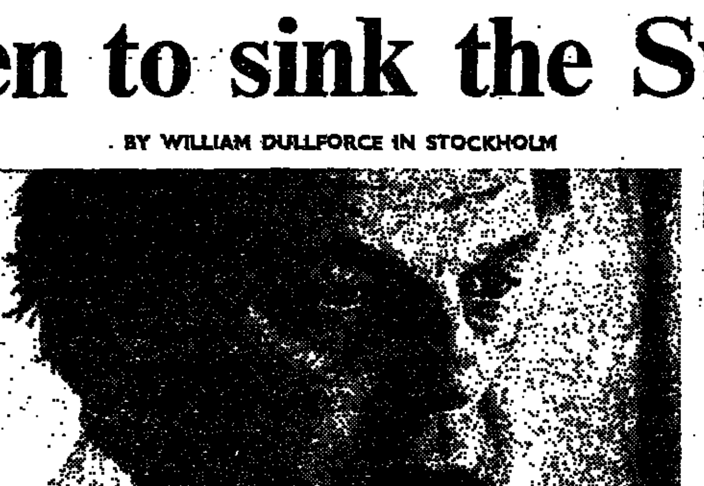
Both tax indexation and the government's proposed tax changes were opposed by the Social Democrats and the unions, but Mr. Palme and his colleagues acknowledged the necessity for income tax relief, provided, it could be achieved in a more equitable form.

The coalition Government has a majority of only one in the Riksdag (parliament). Mr. Fälldin, with support from the Liberals and the grudging assent of the Moderates, seized the shift in the Opposition's stand to try to obtain broad parliamentary backing for the tax reform by opening talks with the Social Democrats.

The talks culminated last Thursday night when Mr. Rolf Wirten, the Budget Minister, (Liberal), and Mr. Kjell-Olof Feldt, the Social Democrats spokesman on finance, were given the job of trying to formulate an understanding.

It was then that the comedy of errors started. Later that night an incredulous Mr. Feldt telephoned his leader, Mr. Palme, with the news that all the Social Democrats' negotiating points had been accepted.

The same night, Mr. Wirtén obtained the assent of his own party leader, Mr. Ola Ullsten, and the Prime Minister to the document he and Mr. Feldt had drawn up.



FÄLLDIN STANDS FIRM

Mr. Thorbjörn Fälldin, left, yesterday re-emphasised that his Centre Party and the Liberals stand firm on the "agreement in principle" on tax changes, which they have reached with the Social Democrat opposition, Our Stockholm Correspondent writes.

It was up to the Moderate (Conservative) Party to decide whether is wanted to remain within the Government, he added.

The Prime Minister thus put the ball back in the court of Mr. Gösta Bohman, his Economy Minister and leader of the Moderates, who announced on Wednesday that the Moderate Ministers would quit the Cabinet unless he received straight answers on the tax agreement from Mr. Fälldin.

Mr. Bohman's "subsidiary questions" about the agreement would be answered during the preparation of the tax bill, which he had instructed the Budget Ministry to draw up, Mr. Fälldin said. He added that he would meet Mr. Bohman on Monday

He did not contact Mr. Bohman who, the next morning, was confronted with an "agreement in principle" which he considered departed fundamentally from the Government's original tax plans and would seriously weaken its policy for economic recovery.

The agreement with the opposition postponed the tax cuts by a year until 1983. It also mooted the abandonment of the indexation system, appeared to narrow the range of tax payers, to whom the 50 per cent top rate would be applied, and introduced the possibility of lower deductions from taxable income for home owners with loans.

The Centre and Liberal parliamentary groups backed this deal, the Moderates threw it out. From then on, Mr. Bohman and Mr. Fälldin tossed the ball back and forth to establish who should be responsible for breaking up the Government.

Election tactics are undoubtedly an underlying factor. The Moderates became the biggest of the three non-socialist parties in the 1979 election. They have maintained their standing in the opinion polls, while Mr. Fälldin's Centre Party has continued to decline and the Liberals have barely held their low position.

Part of the Liberal leadership has long favoured co-operation with the Social Democrats — on the West German model — while many Centre Party members have been worried by what appeared to be the increasing dominance of Moderate attitudes in the Government's efforts to solve the country's economic problems.

Apart from tactics, the deeper political differences within the non-socialist block were thrown up this week in an exchange of articles in the newspaper Svenska Dagbladet between Mr. Bert Levin (Liberal) and Mr. Carl Bildt (Moderate), the under-secretaries in the Prime Minister's office responsible for co-ordinating policies.

Mr. Levin stressed the difficulty for a Government with a vulnerable majority to take "in total confrontation with the labour movement" measures which might easily be depicted as favouring the propertied.

Mr. Bildt retorted that a government ceased to be a government if it allowed the opposition to become a deciding factor in formulating policy.

For the Centre and Liberal parties the agreement with the Opposition on taxation was a "historic compromise." For the Moderates it was a "historic surrender."

Whatever new twist sheep farmer Fälldin may be able to give to the plot, this week's happenings can only have increased the odds on a Social Democrat return to power — perhaps before the election constitutionally due in September 1982.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Kuwait oil workers on strike

By Kathleen Bishtawi in Abu Dhabi

THREE THOUSAND workers at the Kuwait National Petroleum Corporation yesterday entered the third day of their ten day work stoppage, in the first serious strike in the Gulf oil industry.

More than half of the strikers are Palestinians, with Egyptians and Yemenis forming the remainder. Unconfirmed reports also suggest that some 50 Kuwait nationals are involved. Around 1,300 of the strikers are employed at the Shuaiba refinery, 900 work in the marketing division and 700 more at the Mina Abdulla refinery.

Mr. Abdullah Al Saad, president of the workers' union said that the strike decision had been taken after talks broke down last week. Al Saad said the KNPC board had refused to come to an agreement in talks which had started nearly three years ago.

He told the Arab Times of Kuwait that the management had repeatedly procrastinated and asked for a postponement of the talks.

Unfair

The petroleum workers' leader said that the board had been unfair and "even inhuman" to the petroleum workers. Going to arbitration at this stage would mean another three-year wait for a decision.

Oil Ministry officials in Kuwait yesterday refused to comment, but in a recent statement to Kuwait's National Assembly, Sheikh Nawaf Al Ahmed Al Sabah, the Interior Minister, said that strikes were illegal. Sheikh Ali Khalifa, the Oil Minister, told the assembly members that the strike did not cover all categories of workers and that oil production and work at the refineries was continuing normally.

Recently there have been a number of strike threats in Kuwait, and last month a strike seemed to be on the horizon in the banking sector. Bank employees were complaining of proposals to institute job evaluations and corresponding pay scales into the industry.

Inquiry

This latest strike by oil workers presents the first major test of policy for the newly elected National Assembly. During the debate on the strike, members called for a full inquiry into the workers' grievances.

The oil industry workers are complaining about understaffing and demanding new recruitment to cope with the increasing work. Another complaint reported by the local Press was that KNPC had not accepted the resignation of some 35 workers who had sought to leave the company because of better offers they had received from the United Arab Emirates. Employees were seeking better pay or permission to leave.

The SAM-6 missiles which Syria has moved into Lebanon made their first public appearance in Moscow in 1967 and were used with particular effect by the Egyptian forces during the 1973 war with Israel.

Codenamed Gainful by Nato forces, the Sam-6 is a fully mobile missile. Launchers and radar control systems are mounted on separate tracked vehicles. Its maximum altitude is about 13½ miles and its minimum engagement zone about 3 miles. It has been shown to be very effective against low-flying aircraft, although counter measured have been developed.

Syria may also have moved into Lebanon SAM-2 and SAM-3 missiles. SAM-2, codenamed Guideline, has also been operational since 1967

The Damascus regime seems to have a limit beyond which it cannot be pushed, writes **Roger Matthews**

President Assad goes to the brink of war

PRESIDENT Hafez al-Assad of Syria has this week been trapped by a cruel dilemma from which he will be fortunate to escape without suffering further damage to his domestic and international prestige.

This normally cautious and carefully calculating man stands on the brink of decisions which could have a critical bearing not just on his Presidency but also on the stability of Syria and the Middle East.

Mr. Assad would probably argue that it is his consistency in fighting for Arab rights which has brought this about, but he can take little satisfaction from an objective review of Syria's current position.

As Israel correctly calculated on Tuesday, Mr. Assad was bound to react when two Syrian helicopters were shot down near Zahle in eastern Lebanon. If Syria had not responded it would have been a denial of its claim to represent the heart of Arab nationalism, which has as its dream a solution of the Palestinian problem.

All-out war

By moving surface-to-air missiles into Lebanon to protect his forces, Mr. Assad knew precisely the gamble he was taking. Should Israel now seek to destroy the missiles, Mr. Assad will be forced to move closer to all-out war, in the awareness that he is almost friendless in the Arab world—although this situation might quickly change in the event of hostilities.

It is a sad irony for the Syrian leader that among the first steps he took on coming to the Presidency in November 1970 was to seek an end to Syria's self-imposed isolation. At the same time, he gave the country a degree of political stability it had not experienced since independence.

The Syrian dream, especially after the 1973 war, was for an Arab world, funded by vastly increased oil prices, to rid itself of superpower influence and to use its new unity and strength to force from Israel the concessions needed to satisfy the aspiration of a Palestinian State.

Mr. Assad went along, however hesitantly, with Dr. Henry Kissinger's step-by-step disengagement plan after the 1973 war and would almost certainly have agreed to a diplomatic solution to the Middle East crisis if Israel had agreed to pull out of all occupied territories.

However, not only did Israel fail to respond to those wishes, but Syria also found itself embroiled in Lebanon. It may be true that the Damascus regime likes to dream about a "Greater Syria" incorporating Lebanon. But Syria's military intervention in 1976 in that country came only after the most agonised heart-searching. It was made, bitterly, against the Palestinians who with their allies were threatening to overrun the Christian community.

Syria's peace-keeping methods in Lebanon have been crude, but its role in preventing the country slipping into total anarchy have been publicly appreciated even by the U.S. Lebanon has since proved to be Syria's achilles heel, tying up nearly 30,000 troops, costing casualties, risking polticial unpopularity at home, and providing a backdoor through which Israel could probe and niggle at the Syrian regime.

Mr. Assad is not the sort of man who could even begin to comprehend the step President Anwar Sadat of Egypt took when he travelled to Jerusalem in November 1977. The Syrians were appalled, not least because of their utter conviction that Mr. Sadat would emerge with nothing but a separate peace treaty. There is little satisfaction for Mr. Assad in being proved right.

He tried briefly to effect a reconciliation with neighbouring Iraq, but this foundered on the impossibility of reconciling the two ruling Ba'ath parties. Relations with Jordan, once so good, have deteriorated at the same time, to such an extent that last autumn Syria was threatening to invade.

It was a measure of Mr. Assad's isolation that he proclaimed the intention to unite with notoriously fickle Libya. More significantly, he was at last forced into signing a treaty with the Soviet Union, something he had resisted for so long.

The problems of Syria's foreign policy are intimately related to the decline of Mr. Assad's personal authority at home. Although never a popular leader in the mould of Egypt's President Nasser, Mr. Assad won initial respect by ending the chronic political instability and by effecting notable economic improvements.

But, as the economic potential of Syria came to be appreciated, so the challenge from members of the radical Islamic Moslem Brotherhood provoked a blacklash from the regime which alienated important sectors of the population.

Alawite sect

Mr. Assad, as a member of the Alawite sect which represents less than 15 per cent of Syria's population, has been increasingly accused of putting his co-religionists into positions of authority. Attacks on prominent Alawites last year drew brutal responses from the regime, with parts of some northern cities being placed under a virtual state of siege. Even some more moderate Sunni Moslems, in the majority in Syria, were turned against the regime.

Mr. Assad has, accordingly, very little room to manoeuvre. He dare not show his weakness to his own people, to Israel, or to the Arab world. But he has never been a rash man and is well aware that in a full-scale war with Israel the odds would be heavily stacked against him.

His best hope must remain that the Sovet Union and the U.S. can reach a formula whereby both Israel and Syria pull back from the brink without too much loss of face. But, in the last resort, there is a consistency about Mr. Assad which suggests strongly that there is a limit beyond which he cannot be pushed.

Saudis give support to Syria

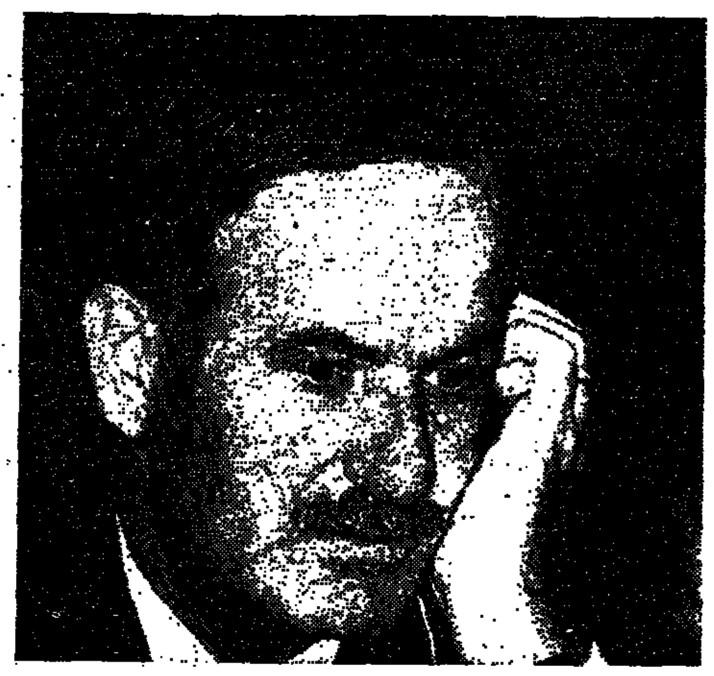
By Our Damascus Correspondent

KING Khaled of Saudi Arabia yesterday sent a letter to President Assad, (Right) Syrian officials said, concerning Israel's destruction on Tuesday of two Syrian helicopters which were attacking Lebanese Christian positions around Zahle.

The message was delivered to Mr. Assad by the deputy commander of the Saudi National Guard and Arab diplomats said it could be interpreted as a gesture of support for Syria in its growing confrontation with Israel. The Saudi move came soon after Kuwaiti expressions of support for Syria.

There were also reports in Damascus yesterday that President Leonid Brezhnev of the Soviet Union has sent a letter of support to Mr. Yasser Arafat, leader of the Palestine Liberation Organisation, over continuing Israeli raids on Palestinian positions and refugee camps in southern Lebanon.

... AP adds: Libya yesterday placed its armed forces at Syria's disposal according to Syrian State Radio.



U.S. concern as conflict increases

By David Buchan in Washington

THE U.S. Administration was yesterday watching the Lebanon fighting with mounting concern that Israel and Syria might be drawn directly into the conflict, a possibility that Mr. Alexander Haig, the Secretary of State described as "very worrisome."

The U.S. has embarked on intensive consultations, the State Department said, with all Governments and "virtually all parties" with influence in Lebanon. The reasons for the qualification "virtually" is the longstanding policy ban on U.S. official contacts with the Palestine Liberation Organisation (PLO), except where American lives are in danger. This is not apparently the case now, as it was in some earlier phases of Lebanon's strife.

In both Jerusalem and Washington, the Reagan Administration has sought to arrange an intermediary role for itself and the Soviet Union. The State Department spokesman spelled out this week that the U.S. had not given Israel "a green light" to start military operations in Lebanon in ostensible defence of the Christian forces there.

The same message — that Israel should restrain itself—was passed direct to Prime Minister Begin by the U.S. envoy to Israel in Jerusalem.

The State Department also called on the Soviet Union to use its influence with Syria to restrain its intervention, and again reinforced this by summoning Mr. Anatoly Dobrynin, the Soviet ambassador here, to the Department on Monday to repeat the message.

Chairman Hua makes public appearance

BY TONY WALKER IN PEKING

COMMUNIST Party Chairman, Hua Guofeng made his first major public appearance last night in almost six months.

Chairman Hua, who is expected formally to step down as chairman at a forthcoming meeting of the Communist Party Central Committee smiled and waved as he entered the main auditorium of the Great Hall of the People for the traditional May Day celebration.

The party chairman, whose future and, at times, whereabouts have been something of a mystery over past months, looked surprisingly relaxed. He was accompanied by Zhao Ziyang, the Premier, and veteran official Li Xiannian, a party Vice Chairman. Also with Chairman Hua was Prince Sihanouk, the former Cambodian Head of State.

The May Day celebration held on April 30 is attended by senior officials, representatives of the army and foreign diplomats and journalists. Correspondents here were informed in advance that Chairman Hua would preside

Diplomatic observers here speculate that Chairman Hua's appearance indicates that the struggle over the leadership has been resolved. It is now thought likely that Hua Guofeng will be appointed a Vice Chairman of the party.

Absent from the celebration were Deng Xiaoping, China's dominant politician and Hu Yaobang, the man tipped at one point to succeed Chairman Hua. Mr. Hu is General Secretary of the Communist Party.

● China's inflation rate jumped to 7.5 per cent last year, according to figures released by the State Statistical Bureau, compared with an inflation rate of just under 6 per cent in 1979.

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Bush hits out at lack of discipline among officials

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. GEORGE BUSH, the U.S. vice president, believes that one of the biggest unresolved problems of the Reagan Administration remains the lack of discipline of some of its senior members.

In a television interview on Wednesday night, Mr. Bush named no names but accused some Government officials of "game playing" in leaking selected stories to the Press in order to enhance their own positions.

He suggested that Mr. Alexander Haig had been especially victimised by the process. Printed accounts of the split between the White House and the Secretary of State over the control of so-called "crisis management" (vested in Mr. Bush not Mr. Haigh) "did an injustice" to the Secretary of State.

More generally, Mr. Bush was predictably euphoric about the accomplishments of the first 100 days of the Reagan presidency—as is a separate White House document which has been made available to the Press.

But Mr. Bush's sense that, at times, the Administration has been unable to speak with a clear, coherent voice, and has thus on occasion tended to confuse rather than enlighten, was borne out yesterday by some of the findings in a public opinion poll published by the New York Times and CBS News.

Mr. Haig's problems resulted in a sharp drop in the public's favourable impression of him, though nearly two-thirds of those surveyed expressed no opinion of his performance.

More embarrassing was the failure of the Administration to raise public awareness of its first foreign policy demarche over El Salvador. The New York Times reported the poll's findings as follows:

"Only 25 per cent of the public knew that El Salvador is in Central America: Twenty-eight per cent said it is in South America. Thirty-nine per cent conceded they did not know where it is, but others placed it in such locations as 'Louisiana, near Baton Rouge,' 'around Israel,' England, India, the Far East, the Middle East, Russia, Poland and New Mexico."

Nor was the public particularly keen that the U.S. get involved at all. Seventy per cent said the U.S. should stay out, 12 per cent favoured diplomatic and economic support for the Duarte Government, 5 per cent wanted more arms sent and 3 per cent favoured dispatching U.S. troops.

Senate approves $3.25bn IDA contribution

BY DAVID BUCHAN IN WASHINGTON

A FIRST step to putting the World Bank back into the concessional lending business was taken when the U.S. Senate approved the principle of a $3.2bn (£1.5bn) contribution to the International Development Association (IDA) over the next three years.

World Bank officials yesterday welcomed the Senate vote of 58 to 32 for the IDA funding, and said it clearly reflected pressure from the hWite House and Republican congressional leaders to whip many Republicans, who had rarely, if ever, supported foreign aid before, into line.

Congressional action on IDA funding is far from complete but, yesterday, the Senate vote seemed to have spurred committee action in the House to move ahead with a first year contribution of $540m for IDA in the current fiscal year.

The Reagan Administration has said it is vital that Congress should not lower the first year U.S. contribution to IDA—the fund administered by the World Bank that grants soft loans to the poorest Third World countries—below $540m.

The IDA in any case ranout of new funds to lend early this month and until the U.S. Congress approves the principle of its 1980-82 contribution and a first year share, will not resume lending.

Argentina closes border with Chile

By Mary Helen Spooner in Santiago

ARGENTINA has closed its 2,600-mile frontier with Chile and mobilised troops along the border following the arrest of two Argentinian military officers in the Chilean border town of Los Andes on charges of espionage.

The Government of Lt.-Gen. Robert Viola accused Chile of "provocation." and said the charges of spying levelled at the two officers were groundless. The border closing, Argentinian officials said, was a "precautionary measure."

Air transport between Chile and Argentina was not affected.

Chile and Argentina have been locked in a longstanding territorial dispute over three tiny uninhabited islands south of Tierra del Fuego, whose territorial waters have strategic importance adn which project a region of sovereignty that could have future bearing on both countries' claims to overlapping Antartic territories.

Sr. Sergio Fernandez, the Chilean Interior Minister, said that Chile had not closed its borders with Argentina and claimed that all was normal on the Chilean side of the frontier. But the Government communications department released a lengthy statement justifying the arrests of the Argentinian officials, charging that the men had themselves admitted to taking photos of "important military objectives."

Argentina's move to close the border with Chile marks one of the tensest moments in relations between the two countries since late 1977 when a war was narrowly averted by the Vatican's offer to mediate in the dispute.

Mary Helen Spooner in Santiago reports on the labour unrest at the El Teniente mine

Chile copper miners dig in for a hard fight

SR. GUILLERMO MEDINA is a short and swarthy Chilean trade unionist. He represents over 10,000 striking workers at El Teniente, Chile's second-largest copper mine. During his 30 years at the mine he has seen 60 strikes, and maintains that conditions for El Teniente workers have never been better than under Gen. Augusto Pinochet's military regime—a view not shared by all Chile's labour leaders.

But Sr. Medina has warned that El Teniente workers are prepared to carry their strike, which began last week when negotiations on a two-year labour contract broke down, "to the final consequences, even if we all get fired." The negotiations re-started last Tuesday, but other Chilean unionists have warned that the El Teniente strike could spark a wave of labour conflict.

El Teniente is one of four mines run by Codelco, the state copper corporation, and yields roughly a quarter of the copper mined in Chile; the world's third-largest producer. The copper miners have asked for a 10 per cent wage rise. Codelco has made what it called a final offer of 2 per cent over the next two years. That offer was rejected by over 95 per cent of El Teniente's workers.

Adding to the tensions surrounding the El Teniente strike is the idea that Gen. Pinochet's regime is considering denationalising Codelco, as part of its "free market economic plan."

Charges by Codelco officials and copper workers that a plan is afoot to sell the corporation have been partially supported by the Chilean Finance Ministry's failure to approve Codelco's 1981 budget, which normally would have been approved by the end of last year.

As a result, according to Codelco officials, the corporation, which made over $400m profit last year, does not know how much money is available for such expenditure as investment and labour costs. And even if the proposed budget of $488.9m is finally approved, it is $70m less that the previous year's.

Sr. Virgilio Perretta, a Codelco supervisor, recently noted that the delay in releasing the corporation's budget comes at the very time Codelco is under heavy pressure to justify its existence. "They (the regime's economic team) are saying the company is not growing and at the same time it has not been given the resources to allow it to grow," he said.

Codelco's miners also oppose denationalisation and have decried what they say is a "creeping" attempt to put the State-owned mines into private hands. Last year El Teniente's management closed the company's railway to the nearby town of Rancagua, using a private haulage company instead. The 46 Codelco workers who had run the railway were offered special severance benefits if they agreed to dismissal, but labour leaders interpreted the move as a reprisal for a 16-day strike two months earlier.

"We are prepared to carry our strike to the final consequences, even if we all get fired"

Sr. Medina and other labour leaders at El Teniente have voiced suspicions that Codelco may be using the strike to try to reduce the mine's labour force, thus cutting costs and placating those high-ranking economic officials who have argued for denationalisation. They have also charged that Codelco has misrepresented the total costs of their requested wage increases, as well as present wages.

"The company told the press that a day labourer at El Teniente receives Pesos 21,192 (£250) a month, when in reality he receives no more than Pesos 11,000 (£130)," Sr. Medina said.

While the conflict over wages and denationalisation continues, it is somewhat ironic that many private mining companies in Chile pay their workers more than Codeco does.

At the Exxon Corporation's La Disputada mine, in the mountains outside Santiago, workers earn a monthly minimum of Pesos 17,000 (£200). But Exxon, like other heavyweight international corporations investing in Chilean mining, obviously has greater investment capital and technological resources at its disposal for better worker/productivity ratios.

Gen. Pinochet has assured Codelco officials that the Government would not denationalise the state copper corporation, even though the internal debate on the issue appears very much alive. But the threat of denationalisation, real or imagined, may be causing both El Teniente's management and striking miners to stand firmer than they otherwise might. It could be prolonging the struggle.

Bankers reschedule Bolivian foreign debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BOLIVIA HAS finally signed an agreement with 128 international banks rescheduling the repayment of some $460m (£215m) in foreign debt maturing between August last year and April 1983.

The agreement follows protracted negotiations with the military Government of Bolivia, during whic htime conclusion of an arrangement has been postponed on several occasions.

Even now a crucial part of the agreement is missing. Bolivia has still not signed an agreement with the International Monetary Fund for a standby credit amounting to some SDR170m ($205m).

Bolivia has told its bankers that negotiations on this credit are basically complete and it only has to be ratified by the IMF's executive board.

But bankers say that if this does not happen soon the whole rescheduling agreement could still be jeopardised.

The passage of the credit through the IMF board will be a crucial test of the Reagan administration's attitude towards Bolivia.

Under the Carter administration, it was generally assumed that no agreement would have been possible because of U.S. objections on human rights grounds.

Under the terms of the agreement with the commercial banks, some $392m in debt will be refinanced for periods of up to seven years at margins over London interbank rates of between two and 2¼ per cent.

Troops alerted as Bermuda riot fears grow

By Our Foreign Staff

THE BERMUDA Regiment has gone on full alert amid growing fears of rioting over labour unrest.

The regiment has been told to stand by, along with police and the reserve constabulary, after trouble flared on the picket lines at the island's airport.

About 1,150 Government blue - collar workers and hospital staff are in the third week of a strike for more pay. Also out in sympathy are taxi drivers and hundreds of hotel workers.

Mr. Jim Woolridge, the Tourism Minister, warned that the closure of all hotels might be iminent, resulting in the cancellation of holidays for thousands of tourists.

Britain 'has no power to change Trudeau plans'

BY VICTOR MACKIE IN OTTAWA

LAWYERS for the Canadian provinces are arguing before the Canadian Supreme Court that Britain is not entitled to change the constitutional proposals made by Mr. Pierre Trudeau, the Canadian Prime Minister.

Eight of the 10 provinces oppose the proposals which, they say, would change the balance of power betwen the Federal Government and the governments of the provinces. But they argue that the power to decide whether the proposals are lawful or not lies with the Canadian Supreme Court.

Britain comes into it because amendments to the British North America Act, under which Canada is governed, require the formal approval of Westminster.

Outside the court, the representatives of the eight provinces were voicing their worry that the Supreme Court may rule that they must take their complaints about the Federal package to Britain.

"Canada is no longer subject to the legislative power of any other country," said Mr. Colin Irving, Quebec's lawyer, in a concise submisison.

The provinces argued that there is a binding legal "convention" or tradition that Ottawa will not demand constitutional amendments from Britain affecting provincial powers without their consent. The constitutional resolution before the Canadian Parliament ask the British Government to yield its power to amend the British North American Act after adding a Charter of Rights and an amending formula.

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East Germany is planning to buy cars from Japan

BY LESLIE COLITT IN BERLIN

EAST GERMANY is working out with Japan details of the purchase of some 10,000 Japanese cars to compensate for a halt in exports of Soviet cars to East Germany.

A deal is expected to be signed in Tokyo later this month when Herr Erich Honecker, East Germany's leader visits Japan. East Germany is also expected to buy Japanese microelectronic technology which it wants to pay for with East German machine-tools.

The Soviet Union was to have exported 30,000 Lada cars to East Germany this year, but this was cancelled because of a widening East German trade deficit with Moscow.

In 1977, East Germany imported 10,000 VW Golf cars which it paid for with lignite and machinery. It is not known whether East Germany will also be able to pay for the Japanese cars with products.

Rather than buy more West German cars, East Germany has preferred to purchase small lots of Peugeots, Citroens, Fiats and Volvos to ease the enormous demand for cars in the country. This has entailed setting up new service stations for a small number of vehicles which will also be necessary for the Japanese cars.

The 10,000 imported Golfs were sold out in a few days and led to widespread grumbling about official favouritism and scalping prices among East Germans who had been waiting eight years or more for a car and who went away empty-handed.

The Japanese cars, probably Toyota and Mitsubishi models, are expected to sell in East Germany for two-and-a-half times what they cost in West Germany—cash on the counter.

But meanwhile, individual spending power has built up even more in East Germany where citizens have large amounts of money in their savings accounts to be used for a car, when the 10-year waiting period is up.

Tokyo eases stand on U.S. sales

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S "voluntary restraint" on car exports to the U.S. appears likely to have to run for at least two years instead of the one year originally envisaged.

This was the main outcome of yesterday's first round of talks between Mr. William Brock, the visiting U.S. Special Trade Representative, and Mr. Rokusuke Tanaka, Minister of International Trade and Industry.

Japan seems to have decided to yield to pressure for a two-year restraint programme after concluding that failure to do so would provoke the automobile lobby in Congress to put through protectionist legislation.

The Japanese motor industry has fought hard against anything more than a 12-month programme, but the Japan Automobile Manufacturers Association yesterday told MITI that it was prepared to leave the final decision to the Government.

Japan seems to have scaled down its ideas on the number of cars to be shipped under the agreement from the original figure of 1.7m to 1.6m units. This is the figure contained in draft legislation already before Congress.

However, the "base" used by Japan for calculating car shipments differs from that used in the U.S. so that the Japanese figures would actually give more latitude to exporters.

Japan's virtual acceptance of U.S. demands for export restraint is being watched carefully in the EEC and Canada

Mme Simone Veil, the President of the European Parliament, who is now visiting Tokyo, said last night that she thought an agreement on future levels of Japanese car exports to Europe was essential to the survival of the European industry.

Mr. Bill Brock, President Reagan's Special Trade Representative: in the middle of sensitive talks with Japanese leaders.

Nissan and VW will produce Passats

By Our Tokyo Staff

THE CAR to be built by Nissan Motor in its production joint venture with Volkswagen will be a "new model in Volkswagen's Passat range." Nissan announced yesterday.

Production will begin in the spring of 1983 and will be initially limited to about 4,000-5,000 units per month. Nissan hopes to build more Volkswagen cars after the first two or three years but 5,000 units a month is the most that Japan's domestic car market is likely to be able to absorb during the early stages of the venture.

Production of between 10,000 and 20,000 cars per month is regarded in Japan as the desirable minimum for a single production line.

But a number of Japanese companies have recently developed "mixed production" techniques whereby one production line can handle several types of cars. The Volkswagen Passat would probably be built in this way.

Questions which Nissan has to settle in further discussions with Volkswagen include the amount of local content in the car and whether or not any Japanese-made VWs will be exported.

Nissan says striking a balance between "European flavour" and an attractive price will be one of the major factors to consider in setting the amount of local content.

Volkswagen cars imported from West Germany at the moment sell mainly to high-income groups but a larger market will have to be developed for the Japanese-made Passat if the project is to be successful.

Exporters call for 'fair trading'

BY JAMES McDONALD

BRITISH INDUSTRY will face a considerable volume of unfair competition from abroad on both the export and import fronts as it comes out of recession in the 1980s, speakers at an Institute of Directors' conference in London said yesterday.

Representatives of the textile and clothing, footwear and motor industries listed as "unfair or unjust" such practices as: fraudulent labelling to bypass import quotas; artificial energy pricing, hidden subsidies; "political pricing" by State trading corporations; dumping and lack of reciprocity in tariffs; and safety or technical regulations which effectively hinder imports.

"Fair trading is one of the foundation stones of the Government's policy, and this as yet has not been achieved," said Mr. Norman Sussman, chairman of the British Clothing Industry Association.

"To create the environment for such a policy to be successful demands the political will to combat protectionism and unfair trading."

Mr. Ian MacArthur, Director of the British Textile Confederation, pointed out that the level of sterling, coupled with the world recession, had led to a 20 per cent fall in the volume of textile exports, the closure of over 200 mills last year, and the loss of 121,000 jobs in clothing and textiles.

Against this background, import penetration had continued and had now reached 60 per cent in volume—the highest level ever.

"The textile industry can and will meet fair competition. But it needs a trading environment which in future relates the level of imports to the level of demand, and firmer action by the UK and EEC to suppress or counter unfair trading practices."

Mr. Michael Feilden, Director General of the British Footwear Manufacturers' Federation, said free trade in footwear did not exist outside the EEC, some European Free Trade Area countries and the U.S. In most of the rest of the world, there were severe restrictions on footwear imports.

Among major exporters to the UK, he noted Korea with an 80 per cent import duty, Brazil with 170 per cent duty and an export duty on hides, and Spain with internal subsidies.

No-one wanted a trade war. "But if we reciprocated, we would soon sit around the negotiating table and draw up fair rules for GATT."

Mr. David Cross, assistant secretary of the Society of Motor Manufacturers and Traders, spoke of "unfair technical barriers" against British vehicle exports.

The UK is one of the last free traders. Among the countries operating "technical and administrative barriers," he believed, were Japan, France and West Germany.

Miss Teresa Smallbone, senior researcher at the Consumers Association, declared: "We are not keeping up with the pace of technical innovation of our competitors, particularly in capital goods, but also in durable consumer goods and iron and steel."

UK, U.S. textiles groups in Europe sales move

BY OUR WORLD TRADE STAFF

MAJOR UK and U.S. textile groups are to combine in a joint venture to serve the European market for clothing, home furnishings and car textiles.

The alliance marks a new stage in the penetration of the European market by the U.S. textiles industry whose direct sales over the past two years have given rise to strong European protests and led to the erection of trade barriers.

The two companies are Carrington Viyella Knitting of the UK and Guilford Mills of the U.S. Their joint venture is called Guilford Kapwood, the first between UK and U.S. groups in the warp knitting sector.

The venture, based on Carrington's production facilities in Derbyshire, will have an initial turnover of £30m a year, of which £9m will come from exports. Guilford Mills is making an immediate cash injection of £2m.

Guilford Mills is said to be the largest warpknit supplier in the western world, while Carrington Viyella Knitting claims to be the most technically innovative producer in Europe.

The two groups will be equal partners in Guilford Kapwood, which will market not only Carrington's Derbyshire production but all Guilford Mills products in Western Europe.

The venture will be financially self-sufficient, Mr. Peter Fowkes, the managing director of Carrington Viyella Knitting, said yesterday.

● The European Commission, on the urging of the UK Government, has placed a quota of 350 tonnes on South Korean sales of women's dressing gowns in the UK.

British Electricity gains £5m Saudi contract

BY RHYS DAVID

BRITISH Electricity International, the overseas consultancy arm of the UK electricity supply industry has won a new contract to develop electricity services in Saudi Arabia valued at an estimated £5m.

The new deal involves coordinating a total of 39 separate undertakings throughout Saudi Arabia's central region, and follows two previous contracts each valued at £5m covering the Riyadh area.

The two systems will be linked together to form one major undertaking, the Saudi Consolidated Electric Company, which will supply electricity throughout the central region of the country.

Electricity consumption in Saudi Arabia has been growing rapidly with the development of new housing, hospitals, schools and universities and industry. In Riyadh itself, generating capacity has been increased in the two years to the end of 1979 from 450 to 1,000 megawatts.

Distribution substations are being built currently in the Saudi capital at a rate of more than 150 a month and customers have doubled in the past three years to more than 160,000.

Around 60 engineers from the UK supply boards—led by the North West Electricity Board—have been supervising work on the Riyadh system and this number is expected to rise to around 100 by the end of the year as work in the central region builds up.

● Saudi Arabia wants to open talks with the EEC on access for its petrochemicals, Count Otto Lambsdorff, the West German Economics Minister, said in Bonn after returning from talks in Riyadh with Saudi leaders, Reuter reports.

UK company in India axle plan

BY JOHN GRIFFITHS

EATON AXLES of the UK has set up a joint venture with two Indian companies to make axles for the medium and heavy trucks market in India. It is understood that the Indian Government has approved a capacity of 20,000 units a year.

Eaton's partners are Wheels India, a domestic auto components manufacturing company, and Sundaram Finance Company. Eaton is a British subsidiary of Eaton Corporation of the U.S. and employs 800 people.

The three partners each have a 33 per cent stake in Axles India, the new company formed to run the project. The balance will be offered to the Indian public.

A production facility is being set up at Sriperimbadar, in Chingle put district, with initial production due to start next spring.

Output from the plant will replace imported supplies of Eaton Axles to Ashok Leyland, the BL Indian venture which has about 25 per cent of India's expanding truck market.

Reuter adds: General Motors of Canada has sold 3,500 Malibu passenger cars to Iraq for $30m (£14m) the Industry Ministry said in a statement issued in Ottawa yesterday.

This order comes on top of a $90m contract with the Middle Eastern country for 10,000 Malibus. The contract includes service parts and technical support.

Fiat Spa said its machine tools subsidiary Comau Industriale Spa signed a L7.5bn (£3.2m) contract with AB Volvo to supply Volvo with a plant to produce connecting rods for lorries from 1983.

French groups in plastics joint venture

Paris — Ato-Chimie, a joint subsidiary of the Elf-Aquitaine and Cie Francaise des Petroles oil groups of France, has concluded an agreement with Toray Industries of Japan inthe field of injection and extrusion plastics, it said yesterday.

Under the terms of the accord, Toray will have exclusive distribution rights for Ato-Chimie's "Rilsan" pellets as from July 1. Up to now, Japanese distribution has been handled by Nihon Rilsan, a joint subsidiary of Ito-Chimie and Taogosei.

AP-DJ

Italsider wins £85m Soviet steel order

By Rupert Cornwell in Rome

ITALSIDER, the steel company controlled by the State-owned IRI-Finsider conglomerate, has won a L200bn (£85m) contract to supply the Soviet Union with 400,000 tons of welded steel pipe this year.

The agreement reached in the past few days and announced at the company's annual meeting, follows just one week after Dalmine, another member of the Finsider group, signed a $1bn deal to deliver 600,000 tons of seamless pipe and a steel mill to U.S. Steel of Pittsburgh.

ECGD backs £73m Morocco loan

BY PAUL CHEESERIGHT

THE BIGGEST UK export credit arranged for the Moroccan market was finally agreed yesterday when Société Nationale de Siderugie (Sonasid), the State steel enterprise, signed the contracts for a DM 345m (£73.2m) loan arranged by Morgan Grenfell of London.

The loan, to finance the first stage of a steel plant construction project by Davy Loewy, the Davy Corporation's Sheffield unit, is guaranteed by the Export Credits Guarantee Department.

It is the first buyer credit expressed in D-marks to be backed by the ECGD. However, the contract contains the novel feature of an option given to Sonasid under which it may switch the currency of the loan from D-marks to U.S. dollars.

This option may be exercised after the loan funds have been made available—that is, at the end of the construction period.

The funds are being provided by a consortium of international banks, some of whom are also involved with Morgan Grenfell in lending $40m to the Moroccan Government for project costs not covered by the buyer credit. A further £13.5m is being provided by the UK Government through its official aid programme.

This blend of aid funds and commercial credits—a mixed credit—testifies to the UK Government's suport for Davy in its successful contract bid.

Energy Review: The Philippines

By Richard Cowper, recently in Manila

A five-year plan to tap domestic resources

LIKE SO many other Third World countries which produce little or no oil of their own, the Philippines has been badly stung by the soaring cost of imported energy. In the space of less than a decade the country's oil expenditures have jumped from 13 per cent of total import costs to over 30 per cent.

Last year the Philippine oil bill, at $2.7bn, accounted for around 32 per cent of imports and some 44 per cent of total export receipts. The growing alarm which this has produced among senior economic planners has spurred the Philippine Government to embark on what many claim is one of the Third World's most ambitious and comprehensive energy programmes.

Traditionally dependent on oil for over 90 per cent of its energy requirements—and until two years ago producing no crude of its own—the high cost of importing oil has been the major factor in the country's growing balance of payments problems and seems set to continue to bite into its economic growth prospects for some time to come.

A 65 per cent increase in the price the Government paid for its oil on world markets last year pushed the country's visible trade deficit up 27 per cent to $1.9bn and forced the Government further to increase its already considerable foreign debt burden. At the end of 1980 the country's external debt amounted to $12.3bn, up 25 per cent in a year and uncomfortably close to a 20 per cent debt service ratio.

Though the figures are likely to continue to look bleak for several years, the Government has already taken a series of steps which it believes should begin to break the back of the problem by the middle of the decade. In the next five years the Philippines plans to spend some U.S.$9bn in a bid to transform the country's whole energy mix.

If everything goes according to plan, by 1985 the country will have reduced its dependence on oil from 88 per cent to 50 per cent. But even more potentially exciting is its newly proclaimed target of increasing the indigenous energy content from 14 per cent at the end of 1980 to 56 per cent by 1985.

The five-year plan, which is a speeded-up and compressed version of the country's first 10-year comprehensive energy programme produced in 1978, calls for an even bigger effort to tap the country's considerable domestic resources of geothermal energy, coal and hydropower.

The Ministry of Energy expects geothermal power—the country's rapidly growing star energy producer to increase from 3.42m barrels of oil (mboe) equivalent now to 19 mboe, to account for some 16 per cent of the country's total energy requirements by 1985. Coal, which in 1980 was equivalent to slightly less than 1m barrels of oil, is scheduled to increase to 17.5 mboe, to meet nearly 15 per cent of total energy needs, while hydropower which now represents around 6.27 mboe will increase to 17.1 mboe, accounting for over 14 per cent of the country's energy mix in 1985.

While the outlook for geothermal energy hydro-electricity and coal looks good, the same cannot be said for domestic oil production. Just three years ago the Ministry was looking to an output of 34m barrels of domestic oil by 1985, but in the face of growing evidence that this was wildly ambitious it cut this target back by nearly 50 per cent last year to 18.3m barrels (the equivalent of less than two days of Saudi Arabian production). Additional setbacks with the country's three existing oil fields and the absence of an significant new discoveries last year have now forced the country's energy planners to reduce this even further. The aim now is to be producing 9.6m barrels by 1985 to account for just 8 per cent of the country's total energy requirements—a far cry from the 23 per cent envisaged just over two years ago.

However, there are some doubts over the energy consumption projections on which the Ministry is basing its current programme. Last year the Government was forecasting total energy demand in 1985 of 133.7 mboe. At the time some thought this was over ambitious if the economy was to continue to grow as planned at around 6 per cent in real terms a year. The Ministry has now revised this down even further to 120 mboe.

The World Bank, in a report on the country's energy sector published earlier this year, projected total energy requirements at between 138 to 147 mboe by 1985, which would mean that the Government had to import between 18m to 27m more barrels of oil than the 50m barrels it expects it will have to buy in 1985. This means that indigenous energy production would cover between 48 to 46 per cent of total requirements, rather than the Ministry's estimated 56 per cent. In addition, of course, it would bring with it a larger oil import bill and greater pressure on the balance of payments.

Mr. Gary Makasiar, chief of planning services at the Ministry of Energy, says the World Bank projections have failed to take account of the recent reduction in energy consumption resulting from savings and the drop in industrial activity. The Bank, however, believes that energy growth rates in the 1980s will be nearly a third faster than in the 1970s. The Bank predicts that with an expected 6 per cent annual GDP growth the annual rate of growth for commercial energy consumption will be between 6.5 to 7.5 per cent in the 1980s compared to less than 5 per cent energy growth between 1975 and 1979.

Arguments over projected energy consumption aside, it is clead the the Philippine Government has devised a comprehensive energy plan, which, with $9bn and President Marcos' full backing, should, over the next five years, go a considerable way towards finding a solution to what most of the country's leaders now agree isits most pressing economic problem. The country is perhaps unusually lucky in that it has considerable untapped domestic energy resources of its own, most notably geothermal, hydro and coal.

To explore and develop these indigenous enrgy resources the Government is planning to spend some $3.3bn for oil and gas—current known reserves are put at less than 30m barrels of oil—the 1981-85 budget for oil exploration and development has been set at just over 1bn, by far the largest part of which however is expected to come from foreign oil companies.

Geothermal energy—the country has 28 known geothermal producing areas—is projected to get $972m, while hydropower gets $986m and coal $270m. The rest—some $59m—will go to uranium exploration and the development of an alcogas programme based on can sugar production in the island of Negros.

The major portion of these newly - developed domestic energy resources will be used to switch the fast-expanding power sector, which currently accounts fo some 32 per cent of the country's total energy consumption, away from its dependence on oil. The Government expects to spend over $4bn on doubling the country's existing 4,000 Mw capacity by 1985, all of which will be powered by indigenous energy. The investment will, according to the National Power Corporation, save the country from having to import an extra 24m barrels of oil.

According to Mr. Demetrio Paz, vice-president for corporate planning at the National Power Corporation (NPC): "By 1985 we hope to have virtually eliminated oil dependency in the power sector, with the existing oil plants being used largely for reserve and peaking." If everything goes as expected, the country's power sector which in 1980 consumed nearly 16m barrels of oil, will double its capacity by 1985 and be burning a mere 8m barrels of oil.

Perhaps the most exciting new energy potential lies in geothermal power. Lying in the so-called Pacific firebelt the Philippines has current proven geothermal energy resources sufficient to generate at least 1,200 Mw of power, with current potential estimated at nearer 4,000 Mw. The country, which currently generates 440 Mw of geothermal power aims to be producing around 1,726 Mw by 1985. Currently the world's second largest geothermal power producer, it believes it will over the U.S. by 1987 to jump into the No. 1 position.

According to Mr. P. V. Malixi, vice-president of the Government-owned Philippine National Oil Corporation, the Government plans to spend some $2.2bn by 1985 on geothermal development of which $1.8bn will be spent on power station construction. The cost, at around $1m per megawatt compares favourably with an investment of $800,000 per Mw for oil-fired power plants. "When you take the cost of buying the oil into account, the economics are far and away in favour of geothermal," he says.

The country's many mountains and high average rainfall also provide it with a large hydropower potential, currently estimated at 7,000 Mw — more than seven times existing installed hydropower capacity. The country has an inventory of 30 potential hydro sites and detailed feasibility studies on ten of these are under way. It has installed capacity of over 900 Mw and plans to boost this to over 2,000 Mw by 1985.

The major problem, however, is cost. Most sites do not permit continuous electricity production to meet base-load demand. Unlike geothermal power, most hydropower can be used only to meet daily or seasonal demand. Nevertheless, the country's hydro potential is considerable.

The prospects for coal development, particularly as an alternative to oil for power generation and for fuelling industrial plants, are also bright, though there has been some controversy over how fast this indigenous resource can be developed. Coal estimates vary widely up to 1bn tonnes but Mr. Geronimo Velasco, the country's Oil Minister, says that proven coal deposits are now estimated at 200m tonnes. The Government aims to be producing 4.7m tonnes of coal a year by 1985 compared with just 315,000 tonnes last year—a target which the world Bank claims to be unrealistic. Contracts have already been awarded for the conversion of eight cement plants from oil to coal by 1985.

The only serious black mark to an otherwise bright outlook is the very much reduced prospect for domestic oil. Estimates of reserves vary enormously—anything from 100m to 500m barrels, but what is clear however is that known reserves left in the country's three existing fields are down to less than 30m barrels. Despite the enormous exploration programme, new finds have not been forthcoming and most future oil discoveries are now expected to be small fields, whose recoverable oil will be exhausted quickly.

As a result, for the foreseeable future, domestic oil is unlikely to make a sizeable contribution towards solving the country's energy problems. That said, however, newly discovered geothermal and hydropower potential should make up for the loss, and the Government has at least a fair chance of meeting half its total energy needs with domestic resources as planned by the middle of the decade.

SPENDING ON ENERGY EXPLORATION AND DEVELOPMENT

Figures in $m at 1981 prices

	Oil	Coal	Geothermal	Uranium	Non-conventional	Hydro-electric*	Total
1980	140.91	33.25	40.93	0.55	18.20	61.01	294.85
1981	181.00	79.18	102.09	0.49	6.90	124.60	494.26
1982	160.93	63.01	265.48	1.61	7.22	182.88	681.13
1983	184.77	38.82	284.58	1.37	11.18	162.08	683.80
1984	186.71	28.13	194.64	0.54	4.85	161.48	576.35
1985	162.86	27.71	83.10	0.78	5.48	293.90	573.83
Total	1,017.18	270.10	971.82	53.34	53.83	985.95	1,304.22

The figures include all related expenditure, eg, infrastructure relative to exploration and development, but not spending on power stations.

* For on-going projects, dam figures are estimated at 60 per cent of project budget. For programmed projects, dam allocation is based on development loan financing and planned outlays for pre-investment undertakings.

Source: Philippine Ministry of Energy

Rise in industrial work forces Treasury changes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SEVERAL senior Treasury officials are to be reshuffled over the next few weeks, partly because the Government is spending more time on questions of public sector pay and nationalised industry.

Responsibility for industry and public enterprises will be separated from home finance and fiscal policy. These were merged last year, reflecting the absence of a formal pay policy or industrial strategy.

In spite of this the Government has found, like its predecessors, that pay and industrial questions are taking up a large amount of time.

The workload has increased after decisions about BL and ICL, controversies over finance for nationalised industry and the lengthy Civil Service pay dispute.

Mr. Gordon Downey will retur from secondment at the Central Policy Review Staff to take up a deputy secretary post in the domestic economy side of the Treasury. He will assume responsibility for the industry and public enterprise groups held by Mr. Peter Middleton.

Mr. Middleton, whose heavy burden will be reduced, will continue to supervise the main areas of the medium-term financial strategy such as monetary and fiscal policy and North Sea oil.

There will be no increase in senior staff; since one of the two deputy secretary posts on the overseas finance side of the Treasury is disappearing. Overseas is out of the limelight at present in the absence of a sterling crisis.

Mr. David Hancock will take over the external finance and aid, and export finance, in addition to his overseas work—an important increase in Mr. Hancock's responsibilities.

Mr. Downey will be succeeded in the Central Policy Review Staff (the think tank) by Mr. Alan Bailey, on secondment from the Treasury. In turn Mr. Bailey will be succeeded as a deputy secretary on the public spending side by Mr. Russel Barratt who will move from the overseas side.

At under-secretary level, Mr. Brian Unwin is being seconded to the Cabinet Office from his post as head of the Central Unit which co-ordinates policy avice and measures. He in turn will be succeeded by Mr. Peter Kemp, head of the social services group, whose job is being filled by G. W. Monger from the Department of Energy.

Miss J. Kelley is returning to the Treasury from the Northern Ireland Office to fill the vacant post of head of the Home Transport and Education Group.

Conditions in prisons 'an affront'

By Lisa Wood

CONDITIONS for prisoners in Britain's prisons are an affront to a civilised society—with some older buildings actually falling down—says Mr. Dennis Trevelyan, director general of the prison service.

In the annual report yesterday on the work of the prison department last year, he said: "New prisons might in the later 1980s, not before, make a difference between coping and not coping if the prison population continues to rise or remained about the same level.

"Only if it fell would a major capital programme enable us to provide a better working environment for prison staff and to house more of our prisoners decently rather than in conditions which are an affront to a civilised society."

The report announced plans to build two prisons for medium and long-term prisoners at Lockwood, Oxfordshire and Bovingdon, Hertfordshire, to start in 1984-85. Two other building projects for medium- and long-term prisoners have already been announced for the Isle of Sheppey, Kent, and near Leyland, Lancashire.

Stewart Dalby examines possible reactions if Bobby Sands dies

IRA might not intensify violence

THERE ARE indications that the Provisional IRA does not intend to stage a major intensification of its campaign of violence if Mr. Bobby Sands dies.

As Mr. Sands's condition continues to deteriorate today, the 62nd day of his fast, the police and the British Army are preparing for the possibility of street violence and terrorism by paramilitary groups.

However, the Provisional IRA to which Mr. Sands is thought to belong is suggesting it would try to control any rioting in so far as it is able.

The Provisional leaders appear to believe that the propaganda value of Mr. Sands's death could best be exploited by what they call political means.

They are also anxious to avoid distracting attention from the plight of the three other hunger-strikers. These will approach death in the next week or two if they continue their fasts.

According to this view the world's Press, once again turning attention to Northern Ireland unrest, would describe only the violence, if it occurs, rather than what the IRA sees as the political cause of such violence.

Even so, the Provisionals say Mr. Sands's death would probably spark off a "spontaneous outburst" from the Catholic population. In such a turbulent atmosphere it is often difficult to unravel the distinctions between street violence and the activities of the terrorist groups.

Further, the Provisionals do not speak for other Republican terrorist groups like the Irish National Liberation Army (INLA).

Any statements at this stage from the Provisional leadership must be regarded with caution, in view of the continuing campaign of shootings and bombings for which it is partly responsible. It is also possible that the leadership could change its tactics rapidly in response to events.

However, from the Provisionals' point of view there are several arguments for avoiding an upsurge of terrorist murders as a response to Mr. Sands's death.

Chief among these is the fact that Mr. Sands was elected MP for Fermanagh and South Tyrone on April 9. The Provisionals believe this showed that a majority of Catholics supported his protest on humanitarian grounds.

The Provisionals saw this helping their efforts to win over those in Northern Ireland who would otherwise support the Social Democratic and Labour Party (SDLP), the main voice of Catholic moderation.

It is argued that a sudden increase in violence would alienate those Catholics who have given Mr. Sands their emotional support.

This strategy is given emphasis by the fact that the three other hunger-strikers, Mr. Francis Hughes, Mr. Patsy O'Hara and Mr. Raymond McCreesh are, so to speak, just behind Mr. Sands in stages.

A representative of Provisional Sinn Fein, the political wing of the IRA, said that Mr. Sands's election as a Westminster MP had cut the ground from the moderate Catholics in the North and in the Republic.

He said: "The SDLP and the Fianna Fail [the ruling party in Dublin] will find it impossible to talk to the Brits now."

The representative was at pains to deny that he spoke for the Provisional IRA. However, when asked if they would go on the offensive he said: "If you examine the strategy of the Provos you will find they have decided to dig in for a long war.

"They have made a careful assessment of their manpower and resources and it would be unlikely that they would want to expand these resources in a quick burst of activity."

A low-key response by the Provos might also be the result of making a virtue out of necessity for there are indications that they are short of money and arms.

Nevertheless it would be a mistake to rule out the possibility of a bombing campaign in Britain. Alternatively, the Provos might decide to concentrate their resources on what they call a "spectacular" murder.

The possibility of a violent reaction from the Catholic paramilitary groups is particularly alarming to the police and the British Army, because of the likelihood of swift retaliation by Protestant extremists said to be well prepared.

The danger of a rapid explosion of sectarian violence will still exist whatever the Provos decide for they do not control the other terrorist groups like the INLA. The recent killing of one policeman and the injury of three others by a booby-trap under a bus was claimed by this group to be its work.

It is also possible that street violence will follow the pattern of the recent past, with youths throwing bricks, home-made firebombs and even acid bombs at the army and police.

The recent long rioting in Londonderry provided an unsavoury foretaste of what it is feared will follow.

Local authorities plan to exceed targets by £1.6bn

BY ROBIN PAULEY

LOCAL AUTHORITIES in England have budgeted to spend £1.6bn (9.4 per cent) more than the Government's estimate of the amount they should spend in the current financial year.

The Government has collected all the "total expenditure" budgets for English councils. They show planned total expenditure of £18.6bn in 1981-82, compared with the Government's target figure of £17bn.

This comparison of the councils' budgets with Government targets based on calculations for Grant Related Expenditure, is only one of several measures applied as part of effort to control local authority spending. The others relate to the volume of current expenditure which ministers also expect to be "significantly over the top."

The worst results have been produced by the metropolitan counties, which are planning to spend £212m, or 27 per cent, above the Government's target of £998m. The London boroughs are 23 per cent above target, the English non-metropolitan districts 14 per cent, and the metropolitan districts 10 per cent.

The biggest individual overshoots in London are Tower Hamlets (88 per cent), Lewisham (70 per cent), Greenwich (55 per cent) and Hackney (52 per cent).

Outside London, the biggest misses are South Yorkshire (75 per cent), Tyne and Wear (43 per cent) and Newcastle upon Tyne (38 per cent). Non-metropolitan authorities are led by Harlow, which has missed the assessment by 95 per cent followed by Durham (88 per cent), Crawley (87 per cent) and Stevenage (85 per cent).

The high overshoot levels are matched by some equally marked underspending. Gillingham is spending 36 per cent less than the Government target, West Somerset 30 per cent under, West Dorset 28 per cent under and West Wiltshire 25 per cent under.

Among the metropolitan authorities, Sefton's budget is £8m, or 9 per cent, below the Government's figure, with Solihull 4 per cent under and Dudley 3.6 per cent under. In London no authorities are under target, although Sutton and Barnet are each within 1 per cent.

Underwriters appeal over £24m liability to Shell

BY JOHN MOORE

LLOYD'S of London underwriters are to appeal against a judgment in the High Court which ruled that underwriters should pay £24m to Shell International following the loss of a cargo of oil in the tanker Salem.

Underwriters have instructed Mr. John Hobhouse, QC to give notice seeking leave to appeal.

Their defence rested on the position that the circumstances of the loss of 179,000 tons of crude oil in the Salem case did not constitute the operation of a peril insured against on a limited cover policy.

Mr. Justice Mustill found that there was no liability to underwriters under either barratry or "persons acting maliciously." But he ruled that there was an insured loss under the "takings at sea" wordings in the policy.

He said that in December 1979 a group of dishonest men had contrived to make away with a complete shipload of crude oil belonging to Shell International Petroleum. The plot succeeded, he told the court.

Lloyd's Bill MPs chosen

BY JOHN MOORE

TWO LABOUR MPs and two Conservative MPs are to form the Parliamentary committee which will examine Lloyd's of London's Bill of Parliament for improving self-regulation within its insurance market.

Mr. Michael Meacher, Labour MP for Oldham West, is to be chairman. The other members are Mr. John Biggs-Davison, Conservative MP for Epping Forest; Mr. Nicholas Scott, Conservative MP for Kensington and Chelsea, and Mr. Reg Race, Labour MP for Wood Green.

The committee readings will start on May 12 during which a petition, lodged by two underwriting members seeking major changes to the Lloyd's bill, will be heard.

Poll shows gloomy view of output on all sides

BY JOHN LLOYD, LABOUR CORRESPONDENT

BOTH BUSINESS and trade union leaders agree that falling productivity is a serious problem, ought to improve, and probably will not.

A poll of 700 major employers, union leaders and workers by Louis Harris for the Sentry Insurance Group shows that 84 per cent of all employees, 78 per cent of businessmen and 68 per cent of union leaders recognise declining productivity as serious.

Most believe that if the fall is not reversed living standards will decline. Mr. Humphrey Taylor, deputy chairman of Louis Harris, says that "these findings reveal a surprising degree of consensus in Britain about the productivity problem and the need to solve it."

A high proportion of union leaders, 61 per cent, and a large minority of businessmen, 43 per cent, have little hope that the decline can be halted or reversed.

Over remedies, both employers and union leaders believe that there must be a cut in real living standards, but only 15 per cent of exployees were willing to take a salary cut.

A companion poll on international attitudes showed that Japanese and West German business leaders were more satisfied than their UK or U.S. counterparts with Government involvement in business, though they too worried about falling productivity.

U.S. employers emerge more hawkish than others, more willing to cut social service and environmnetal programmes in favour of extra funds for investment. Everyone favours more investment. UK union leaders are particularly critical of lack of it in the past.

Sealink plans hit by £3.8m loss

BY WILLIAM HALL, SHIPPING CORRESPONDENT

GOVERNMENT PLANS to introduce private capital into Sealink, British Rail's ferry operation, have suffered a setback following a sharp deterioration in Sealink's profitability last year.

Sealink made a pre-tax loss of £3.8m in the year to December 1980, compared with a £4.7m profit the previous year. After adjusting for inflation the company made a negative return before interest and tax, on its net assets.

The Government has set the company a target of achieving a 5 per cent real rate of return by 1982. It looks unlikely this will be achieved.

The Government said last summer it intended to involve private risk capital in major subsidiaries of British Rail.

Earlier this year Mr. Kenneth Clarke, Parliamentary Under-Secretary at the Department of Transport, said it might be sensible to sell Sealink at a much earlier stage than other British Rail operations.

However, the slump in Sealink's profitability reflected in the 1980 results, and the uncertain outlook this year, will make it difficult for the Government to attract substantial investor interest in what is Europe's largest ferry operator.

Mr. Michael Bosworth, Sealink's chairman, in his annual report notes that the loss includes £3.5m of pre-delivery interest payments on ships under construction. The ships were delivered several months late and missed the profitable summer season.

Nevertheless Mr. Bosworth says that even allowing for the pre-delivery interest the 1980 result was extremely unsatisfactory.

The major causes were the economic recession and protracted delays in delivery of four new ships from Harland and Wolff. The French fishermen's blockade also seriously affected peak holiday traffic.

Sealink is urgently engaged in identifying remedial measures to offset the likely continuing effects of the recession this year. This may result in further rationalisation of the fleet, particularly withdrawal of older and more expensive ships.

The economics of each route are being reviewed. The chronic loss-making Heysham-Belfast cargo service has been closed.

Sealink's total turnover rose by 13.5 per cent to £220.3m last year but operating expenses increased by 18.4 per cent to £213.7m As a result, operating profit fell from £13.7m to £6.5m.

Pre-interest profits of the shipping operation fell by 73 per cent to £2.6m while profits from the harbour operation were marginally lower at £3.9m.

European Ferries, Sealink's main rival, has said it intends to make a bid for Sealink. The matter has been referred to the Monopolies and Mergers Commission, which has been asked to report before the end of July.

The main problem facing the Government in its attempts to sell off part of Sealink is how to attract investors without giving the company away.

An outside bid from a company like European Ferries would provide an easy solution but it could result in an undesirable monopoly on certain routes.

Another solution being canvassed in some quarters is that the Government should denationalise Sealink on a route-by-route basis. This could lead to more money being raised and would prevent one company taking full control of the entire operation.

Sealink operates close to 50 ferries, ranging from the 90-year-old Windermere ferry, the Tern, to its two latest cross-Channel ferries St. Anselm and St. Christopher which together cost £30m. Many of Sealink's ferries are relatively old.

The company needs to invest upwards of £200m in new vessels over the next few years if it is to continue to offer a competitive service.

BBC plans subscription television by 1985

By Alan Friedman

THE BBC is working with British Aerospace on a satellite television project which could produce a system of "pay" television in Britain by 1985, Sir Ian Trethowan, director general of the BBC, said.

"We are on the brink of a revolution in the technology of broadcasting," he said in a Radio 4 World at One interview. The BBC was talking to British Aerospace and both were "very keen to get the satellite up."

Sir Ian's announcement on Wednesday came a day after it was revealed that a consortium of British merchant banks and companies had been formed to develop Europe-wide television broadcasting via satellite.

Sir Ian said that by the middle of the decade the BBC could introduce a system of subscription television which would make use of both satellite broadcasting and cable networks on the ground. —
the ground. A satellite stationed in space would beam television pictures to Earth and these would be channelled through cables into homes across Britain.

Sir Ian suggested that the new channels might be used for live coverage of sporting events or programmes from the BBC's archives. He described the system as "a limited service to those who pay for it."

The director-general said there would be an experiment in UK cable television later this year. This would be followed next year by a joint venture project with U.S. interests under which BBC programmes would be shown in the U.S. through a satellite-cable television system.

The BBC's plans and those of other UK interests will be influenced by a Home Office study on satellite broadcasting due in the next few weeks. The paper is expected to deal with the timing of the introduction of satellite broadcasting.

Mr. Brian Haynes, a director of the recently formed Satellite Television consortium, said European satellite broadcasting could bring £2bn a year in advertising revenues. Mr. Haynes, speaking on BBC 1's Risk Business programme, said: "We have been looking at the ITV franchise scramble with much amazement, wondering quite why they are looking so close to home."

Sun Alliance starts index-linked bond for buying pensions

BY ERIC SHORT

AN inflation-proofed bond to enable the self-employed to buy a pension is to be offered by the Sun Alliance Insurance group. The pension benefits themselves would not, however, be index-linked.

The bond will give investors the chance to put their money into the 2 per cent Index-Linked Treasury 1996 gilt stock, through a pension contract.

The offer takes the form of a 15-year single-premium pension bond. For each £1,000 invested Sun Alliance will pay the equivalent of £1,075 at the end of 15 years, revalued in proportion to the increase in the retail price index during the period.

At the end of this period the investor must use at least part of the money to buy a conventional non-index-linked pension.

The investor in the bond will receive a return of ½ per cent above the rate of price inflation.

At first sight this appears a poor return compared with the 2 per cent currently available to the institutions which make direct purchases of the index-linked gilt. But the Sun Alliance bond will allow the self-employed to claim tax relief on the investment at their top rate.

Thus a person whose marginal tax rate is 60 per cent would receive the equivalent of £1,075 revalued with inflation for only £400 outlay. This would represent a real annual rate of return of 6.8 per cent.

However, at the end of 15 years the self-employed person can only take part of the proceeds in cash. The remainder must be used to buy a conventional pension on fixed money terms.

Sun Alliance said that it would not be possible to give pensions whose value continued to rise with inflation until the Government made a spread of index-linked gilt funds available to the institutions.

Vanbrugh Life, a member of the Prudential Corporation, launched an index-linked gilt fund at the beginning of the month, under which the self-employed buy units whose price varies with the market price of the stock, but the rate of return is not guaranteed.

Midland in European loan link

BY JAMES McDONALD

MIDLAND BANK has linked up with the European Investment Bank to provide low cost loans, ranging from £15,000 to £50,000, for fixed asset purchases to smaller or independent businesses which plan to expand in the assisted areas of England and Wales.

Midland is the first UK clearing bank to negotiate a worldwide facility, worth £5m, from the EIB.

The loans will be available at a fixed rate of interest—at present 13 per cent a year. There is a 1 per cent annual fee payable to the Department of Industry to cover the exchange rate guarantee.

Loans, available through Midland Bank branches, are intended to assist industrial projects. They will be limited to 50 per cent of the fixed asset cost of the project. Applicants must not have fixed assets of more than £16½m or more than 500 employees.

The limit of the loan is eight years, including a moratorium of up to two years.

Mr. George Gilhespy, Midland Bank's general manager, said yesterday: "We very much hope that our business customers in the assisted areas will take advantage of these loans in view of the highly competitive rate of interest."

The EIB scheme provided a valuable addition to the bank's range of facilities to help businesses.

The EIB is sponsored by the European Economic Community. It assists in financing projects which may help a balanced and steady development of the Community.
community.

FT wins praise for reliability

By Maurice Samuelson

THE FINANCIAL TIMES has been voted the world's most reliable English-language business journal by more than 1,200 business executives surveyed in the U.S., Europe and the Far East.

The survey was by the Annual Investment File, the international investment journal published in Richmond, Surrey.

It named the Frankfurter Allgemeine Zeitung as the first among non-English business publications.

The survey was made last November. It also asked from which three major sources respondents obtained business news and information.

The least popular were television, radio and viewdata. Trade and specialised magazines were mentioned more frequently than any other type of business publication apart from daily newspapers.

Annual Investment File; Urban Publishing Company, 17, The Green, Richmond, Surrey TW9 1PX; £6.

New executive cars challenge

BY JOHN GRIFFITHS

SEVERAL NEW executive cars, including four from Japan, are about to go on sale.

The Talbot Tagora, which Peugeot's subsidiary hopes will revive the group's flagging fortunes in the depressed executive car market, goes on sale on May 14. at £6,915 for the basic 2.2 litre model up to £10,250 for the top 2.6 litre model.

The Tagora will be sold through the merged Peugeot and Talbot outlets, alongside Peugeot's 604 saloon, with which it shares components.

Sales of the 604 so far this year are about one-third the level of 1980, while overall, Peugeot's market share has slipped from 1.87 per cent to 1.19, and Talbot's from 5.95 per cent to 4.86.

Toyota today launches a European-styled version of its Cressida saloon, and Colt a turbocharged version of its Mitsubishi-built Lancer model which costs £8,300. Mazda is relaunching its Montrose medium saloons with upgraded specifications and minor bodywork changes. Datsun is soon expected to announce a Laurel executive saloon with the emphasis on European, rather than American, styling.

The new Japanese models could signal a move to cars offering higher profits per unit as a result of the pressure to hold down UK imports.

Renault to enter medium van market

BY JOHN GRIFFITHS

RENAULT is attacking the UK market for medium vans, currently dominated by the Ford Transit, with a range based on two models covering 78 versions.

Medium vans comprise the biggest single sector of the UK commercial vehicles market. Just under 120,000 units were sold last year. They are not derived from cars and range from 1½ to 3½ tonnes in gross vehicle weight.

Renault's competing vans are the Trafic, in the lighter, 1½-tonne category, and the Master, in weights up to 3½ tonnes. Initially Renault will offer 14 versions of each in the UK.

Renault has invested about FFr 600m (£55m) in its assembly plant at Batilly, near Metz, to produce its vans, which went on sale on the Contienent last autumn. Currently the Trafic is produced at the rate of 220 units a day and the Master at 60 a day.

The vans come in diesel and petrol variants. in the UK petrol vans far outnumber the diesel market. Last year about 85 per cent of all medium van sales were of petrol units.

Renault is entering the market when competition is intensifying rapidly. A month ago Mercedes Benz announced its first venture into the sector, which has become a prime target for Japanese importers.

However, simultaneously, total sales have fallen sharply. It is expected that 30 per cent fewer vans will be sold this year, compared with 1980.

Industrial training reforms approved

BY ALAN PIKE

A PLAN for reforming industrial training in Britain has been approved by the Manpower Services Commission and will be presented to Mr. James Prior, Employment Secretary, shortly.

The document, the last of several alternative drafts, has been accepted after a long debate within the commission about Britain's future training needs.

It is expected that the proposals will be published after consideration by Mr. Prior, either jointly by the Government and commission or purely on behalf of the commission, which is responsible for co-ordinating national manpower policy.

The uncertainty reflects political divisions about how Britain is most likely to achieve the agreed goal of better industrial training.

In the view of trade unionists only a system of statutory support will ensure that training objectives are met. The Government, however, believes that greater reliance should be placed on voluntary arrangements and it is considering abolishing some of the 24 statutory training boards.

The initiative approved by the commission contains three central objectives:

- To reorganise and develop the apprenticeship system on a basis of training to agreed standards rather than time;
- To extend opportunities for adults to train and re-tarin throughout their working lives;
- To offer a national system of year-long traineeships combining work experience and education for all young people who do not continue in higher education.

Pipeline delays could hit BSC survival plans

BY RAY DAFTER, ENERGY EDITOR

MR. IAN MacGREGOR, chairman of British Steel, is concerned that delays and cuts in the proposed £2.7bn North Sea gas pipeline could undermine part of the corporation's survival plans.

The corporation expects to win a major share of the pipeline construction contract, work that would help to underwrite for a year the jobs of 3,000 BSC employees, said Mr. MacGregor. It is hoped an extra shift of about 100 men will be recruited at the recently-modernised Hartlepool mill where the large diameter pipe would be fabricated.

Mr. MacGregor says that while he is not considering further redundancies because of the pipeline delay, jobs are "at risk to the extent that we are going to have to replace the tonnage with other orders in the short-term."

The search for other pipeline orders could be made more difficult because British Steel has not yet built up a track record of fabricating large-diameter, high-specification underwater pipelines. "Our customers will have to take us on faith," he said.

The gas gathering project is being delayed by financing problems caused, in part, by the uncertainties surrounding the price British Gas Corporation will pay for supplies through the gathering system. The length of the line has also been shortened. This has reduced the pipeline required from about 350,000 tonnes to nearer 300,000 tonnes.

Even so, the pipeline would require the processing of about 500,000 tonnes of liquid steel, the equivalent of 3.5 per cent of BSC's current annual steel-making capacity. More important, the pipeline contract—worth an estimated £150m to £200m—would fill the corporation's pipemaking order book for at least a year.

Although energy Ministers insist the pipeline contract should be put to competitive tender the Government is thought to be determined that a large part of the order should go to British Steel. There has been speculation in Westminster that the corporation might win at least 80 per cent of the contract.

Mr. MacGregor has just returned from Japan where he held talks with steel interests which might tender. It is thought he emphasised BSC's determination to win contract and warned of problems that might arise from unrealistically low tenders.

The Government had hoped that an interim pipeline company would be set up by the end of March. This would have cleared the way for a start on construction work. But as a result of financing problems is seems unlikely that a company will be established before late summer. So far, only some of the design contracts have been awarded. It is unlikely that the pipe construction contract would be awarded before the end of this year.

The pipeline contract is vital for BSC, not only in the short-term but as part of its future marketing strategy. The corporation is trying to break into the international market for large diameter, high-quality pipeline following recent £10m improvements to its Hartlepool plant.

● P and W Offshore part of the William Press group, has won a £7m contract from Shell/Esso for work on the Brent field and other North Sea installations, writes Sue Cameron.

The two-year contract will cover labour, supervision, plant, equipment and other services needed for modifications and maintenance work on platforms that are already in production.

Commuter airliner six months ahead

By Michael Donne, Aerospace Correspondent

THE Short 36-seat "commuter airliner," the 360, being built by Short Brothers at Belfast, is to fly six months earlier than planned, in June instead of December.

This is because of "excellent progress" with the design and manufacturing programme, said Sir Philip Foreman, Short Brothers' managing director, in London yesterday. This will help to keep the aircraft ahead of U.S., Brazilian and European rivals.

Short Brothers has also won an order for the 360 from Tavina of Colombia for one aircraft, with spares, worth about £2m. Tavina is the fourth airline to buy the 360. Total orders and options now stand at 11 aircraft, worth about £18m.

Sir Philip said yesterday that Short Brothers was on target with its contract to build up to 400 "ship-sets" of wing parts for the Boeing 757 airliner. The first set of wing inboard trailing-edge flap assemblies would be sent to Boeing in Seattle in June.

● Sir Freddie Laker's bid to introduce cheaper air fares to the Gulf has been turned down by Britain's Civil Aviation Authority.

The CAA says another airline serving the area would dilute traffic unnecessarily. Sir Freddie may appeal.

Tough drive to better productivity

MICHAEL DONNE assesses the latest Rolls-Royce report and account in the light of a big drive by the company to get its engines out on time and fully up to specification.

ROLLS-ROYCE'S success in more than halving its net losses from £63m to £27m during 1980 is not the only nuggett of good news from the company contained in its latest report and accounts.

The company is on track for a return to profitability this year. Of considerable longer-term significance is the fact that, since 1978, output per employee has increased by 25 per cent, and that a further improvement of 30 per cent in output per employee is planned by 1984.

Essential ingredient

This shows that the company is now well on its way to getting its productivity up to levels comparable with those of its American competitors by 1984—an essential ingredient for success in world markets where Pratt and Whitney and General Electric are fighting Rolls-Royce for every available major new engine order.

Part of this drive for higher productivity includes heavy spending on new plant and equipment. In 1980, Rolls-Royce put £50m into this field (including the purchase of 70 new numerically-controlled machine tools) for 10 factories in the UK and three in the U.S.

The company has to continue this kind of investment through the early 1980s if it is to meet the heavy contract commitments it has undertaken on new civil and military engines.

By the end of 1980, the backlog of orders had risen from £1.95bn to £2.16bn, with a further rise likely during 1981 as orders continue to flow in for RB-211 engines in the company's biggest single civil engine programme (the biggest military programme is the RB-199 engine for the Tornado multi-role combat aircraft).

The company says that during 1980, it established new manufacturing records. "Output from the factories was 50 per cent up over 1979 and, with few exceptions, output of engines and spare parts was accomplished on time. Production of RB-211 engines doubled, and that of the RB-199 increased substantially," the company says.

The increase in productivity was achieved by both the company's workforce and its component and equipment suppliers. The latter account for up to 70 per cent of all Rolls-Royce's production costs.

Last year, Rolls-Royce began a big drive on those suppliers, insisting on improved productivity with only marginal increases in costs.

Rolls-Royce teams visited many hundreds of equipment suppliers. Through some very tough talking they made them understand that their success was geared to that of Rolls-Royce in getting its engines out to customers on time, on price and fully up to specification.

Lord McFadzean, chairman, says in the annual report that, as a result, "they, too, now recognise opportunities to improve their efficiency; we are encouraging their plans and promoting lower costs by design changes permitting easier manufacture of the parts they supply."

Presure has been put also on the workforce inside the company. Lord McFadzean says that since late 1978, "pay has been linked to output. This has enabled significant changes to be made to working practices, with the co-operation of the total workforce."

As a result, there has been already the big 25 per cent improvement in output per employee since 1978, with a further 30 per cent improvement in the offing by 1984.

The purpose of this pressure is to ensure that Rolls-Royce can stay competitive through the 1980s in world civil and military markets that are increasingly tough to win and at a time of soaring costs.

Lord McFadzean says that these rising costs make it difficult for the company to maintain satisfactory profit margins on its products.

"Most aero-engine prices are considerably influenced by the prices and costs prevailing in the U.S.," he explains. All through 1980, sterling remained relatively strong against the U.S. dollar, and curbing of inflation is likely to keep it so. This reinforces the continuing necessity to increase productivity and reduce costs."

Briafing

As part of its overall attack on world markets, Rolls-Royce has been briefing a top management and technical team from 27 world airlines this week on the latest developments in its engine technology, particularly in the Dash 535 version of the RB-211 engine.

Rolls-Royce claims that this engine offers a decrease of up to 11 per cent in the fuel used in normal Boeing 757 operations.

The airlines, including some which have not yet ordered Rolls-Royce engines, are being shown much of the new technology that the company is devising, including composite materials, lightweight titanium alloys and design techniques intended to cut the weight of engines and improve fuel consumption.

Energy use falls by 6.2% as recession takes effect

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S energy consumption continued to fall significantly in the first two months of the year. Industrial demand, particularly in the iron and steel sector, was cut further by the recession.

The UK used 6.2 per cent less energy in the three months December 1980, January and February 1981, than in the corresponding period a year ago, according to the latest issue of Energy Trends, the Department of Energy's monthly statistical bulletin.

...Oil consumption fell 11 per cent and coal by 7.9 per cent. The use of natural gas and electricity rose slightly.

Although industrial demand is still falling thre was some recovery in the domestic and commercial sectors late last year. Figures for the final quarter of 1980 show domestic energy consumption up by 5.7 per cent compared with 1979. Other non-industrial users consumed 6.8 per cent more power.

However, this incerase was more than offset by the continuing drop in industrial demand. The iron and steel sector used 37.9 per cent less power in the final quarter of 1980 than a year earlier while the rest of industry used nearly 10 per cent less.

For 1980 as a whole consumption fell in all sectors except transport where there was a slight rise.

Energy use by the iron and steel industry fell by 42.5 per cent compared with 1979. This was partly because of the steel strike early last year. However, the sector's consumption remains low.

Electricity sales by the public supply system fell 4.5 per cent last year, compared with 1979, the first annual fall in sales since 1975.

Nuclear risks refuted

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN HAS been slow to develop nuclear power for electricity production, Sir John King, chairman of Babcock International, and a director of the National Nuclear Corporation, said in Leicester yesterday.

Part of the reason was financial constraint, part "emotive publicity generated by environmental and other groups dedicated to stopping the programme," he said.

Sir John, opening an Atoms for Energy Exhibition, said he wanted to refute the proposition that nuclear energy was unsafe. Designers of nuclear plant were dedicated to the avoidance of risk and "self-preservation is a remarkably effective spur."

He said that their success was evidenced by the fact that in 25 years of nuclear power not a single member of the public in any country had been harmed by it.

Contrary to belief, uranium fuel was "by far the cheapest energy source." At 1980 prices it was one-fifth of the price of coal and one-eighth of the price of oil or gas.

"Furthermore, it is as natural a source of power as any of the others," said Sir John.

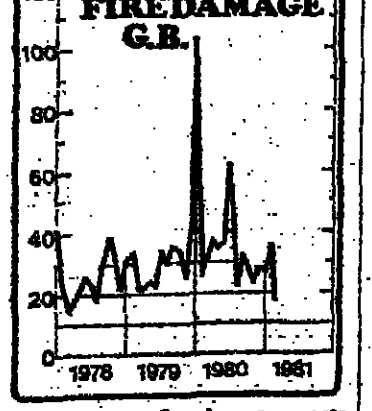
By the turn of the century Britain would need substantial supplies of electricity from resources free from foreign control. "On our present knowledge I believe it is absolutely logical that these should be provided by British-built nuclear reactors," he said.

Three-year low for fire costs

By Eric Short

FIRE - DAMAGE COSTS in March fell to the lowest monthly level for nearly three years, according to figures by the British Insurance Association yesterday.

Damage in March at £17.9m was the lowest since August, 1978, when it amounted to £17.3m. The March figure was less than half that for February and well below March last year.



Aggregate fire-damage costs in the first quarter of this year, at £82.9m, are nearly half those of the first quarter of 1980, which were £162.3m. The latter figure included the £72.5m fire at the British Aerospace warehouse at Weybridge.

Several possible factors contributed to the low figures, including the recession and better maintenance and fire safety measures. The significant feature of March's costs was absence for the first time for many years of a fire where damage reached £1m. The largest, at a Manchester warehouse, cost just over £500,000.

British Steel in offshore casting link

By Alan Pike

THE BRITISH Steel Corporation and Estel Hoesch in West Germany have formed a joint subsidiary company to market and develop a breakthrough in offshore castings technology.

Four years' research by the two steel companies has resulted in the production of a new form of cast steel node—a central stress point of offshore structures. Nodes and other offshore castings will be marketed worldwide by the new joint subsidiary, Oscal.

The new nodes, BSC and Estel Hoesch are satisfied, offer important safety improvements and cost, weight, design versatility and maintenance advantages. It is hoped their development will replace conventional welded nodes and find a place in new offshore applications.

BSC said yesterday: "In view of the sheer size of offshore projects and their demanding schedules, large quantities of nodes will be required over short periods of time by the offshore construction industry."

Cast nodes offer greater fatigue resistance and a high fracture toughness, qualities expected to become increasingly important as offshore oil exploration is extended into more difficult waters.

BSC and Hoesch will be launching the products of Oscal at the offshore technology conference at an exhibition in Houston next week.

Since Mr. Ian MacGregor became BSC chairman he has been making a determined effort to gain more offshore work for the corporation.

UK NEWS—LABOUR

Polaris base strikers given notice

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday seemed to be toughening up its disciplinary action against striking civil servants by strengthening the suspension notices issued to staff at the Faslane nuclear submarine base on the Clyde. The strike is threatening the Polaris craft HMS Repulse.

The move came amid indications unions were preparing to step up the strikes at national level and as air-traffic control staff were poised to damage intercontinental and south-east air services today.

At Faslane 21 staff were given first-notices of suspension by the Ministry of Defence. It asked them to work normally to resupply HMS Repulse or be relieved from duty temporarily.

Previously staff in all departments were issued with a first-notice warning of suspension. Suspension has then been enacted by a second notice, issued 24 hours later.

However, yesterday's notices at Faslane gave staff only two hours' notice. Union officials believed the change to have stemmed directly from a Cabinet committee meeting yesterday.

Officials in some departments have thought for some time that the policy of giving 24 hours notice gave too much time to unions to pull staff out on strike and so avoid suspension.

In reply the unions plan to bring out about 100 staff at the base. These work mainly in the supply stores but include missile-direction staff. The Scottish TUC and the Confederation of Shipbuilding and Engineering Unions yesterday both advised members to support the Civil Service strikes and to black the submarine.

The Government used the Royal Navy to resupply another Polaris craft, HMS Resolution, this month. The Ministry repeated yesterday that nothing would be allowed to interfere with the maintenance of the deterrant.

Air services are likely to be hit badly again today by action by control staff at London's Heathrow, Gatwick and Stansted airports, and at the Oceanic Control centre, Prestwick, which controls Atlantic flights.

The Civil Aviation Authority said it did not expect to be able to provide services at Heathrow today though it hoped to do so at the other two London airports. Some flights have been cancelled.

However, air traffic action yesterday did not have the effects predicted by the unions. The Council of Civil Service Unions said its air traffic control members at Wick, Inverness and Kirkwall decided not to take action because of the threat posed to the flying doctor ambulance service to North Sea oil rigs.

Sunburgh airport in Shetland was closed to aeroplanes for the period of its strike, though helicopters, which comprise about half the airport's normal traffic, were unaffected.

Aberdeen airport was hit but the CAA provided a service and few delays were reported.

The CCSU formally lifted its cargo blockade of Ireland yesterday. Customs staff at the English and Welsh West Coast ports and on the Northern Ireland-Republic land boundary began returning to work and will complete that return today.

Construction unions to consult members on industrial action

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION UNIONS took the first formal steps towards industrial action yesterday after rejecting the "final" pay offer from civil engineering and building employers.

A joint statement said the four unions would consult their members and officers "to determine the course of industrial action which is to be undertaken." The unions also plan regional industrial action committees.

The statement said the trade union side secretaries had been authorised to try to call meetings of the national joint council for the building industry and the civil engineering construction conciliation board to register formally with employers that the talks had reached deadlock.

But it is not clear whether employers on the Civil Engineering Joint Board would agree to separate meetings of their two constituent parts.

The offer, which affects up to 700,000 workers, involves rises from June—the normal settlement date—and a further rise in November when a 39-hour week is also due to be introduced.

The unions say the offer is worth 4.7 per cent. The employers say it is worth more, but have not said what they believe it to be worth for the full year.

The unions said the "unreasonable" offer was being unanimously rejected. The Union of Construction, Allied Trades and Technicians, the biggest in the industry, is calling a meeting of its regional secretaries on May 12.

- The Transport and General Workers Union and UCATT denied yesterday that there had been any detailed talks on a possible merger.

Mr. Larry Smith, TGWU executive officer, also denied a report that his union was on the point of offering detailed merger proposals.

Overtime ban at NALGO

THE 650 STAFF employed by the National and Local Government Officers' Association, started an overtime ban yesterday in protest at an 8.5 per cent pay offer. They claim an £85-a-week minimum.

Members of ACTSS, the white-collar section of the Transport and General Workers' Union; the Association of Professional, Executive, Clerical and Computer Staff; and the National Union of Journalists said in a statement: "NALGO has attacked Government-imposed cash limits which affect some of its members but has offered a similar unrealistic increase to its staff on the excuse that it needed to pay attention to what was happening in the public sector."

Port redundancies near target

BY PAULINE CLARK, LABOUR STAFF

THE SPECIAL Government-aided severance scheme to help the ports of London and Liverpool shed surplus labour was hailed as a success yesterday as the voluntary redundancy deadline passed.

Port employers reported 2,26' applications by last night. Their combined target was 2,450 redundancies. They hope this achievement will strengthen their case for Government financial support to secure long term viability.

Mersey Docks and Harbour Company, the biggest docks employer in Liverpool, was 200 applications short of its 1,250 redundancies target. But it expects to be able to redeploy 200 workers among other port employers who were not seeking redundancies but received applications as a result of the scheme.

The two month special scheme, in which the Government offered a £5,500 supplementary payment to each docker voluneering for redundancy, has been controversial. It caused an outcry among port employers elsewhere in the country also suffering from surplus labour problems.

The Transport and General Workers Union has backed other port employers in calling for the special scheme to apply to all ports and advised its members in London and Liverpool not to accept the Government supplement.

This raised maximum tax free severance pay for long serving dockers to about £16,000, and the minimum to about £10,000.

Mr. Norman Fowler, Transport Minister, argued that the urgency of the financial problems in the Ports of Liverpool justified the offer of special aid to shed labour in those ports.

As yesterday's deadline passed applications were still arriving and Liverpool employers said 1,252 dockers had applied. The target was 1,250.

London Port received 1,011 applications—189 below its target.

Jobless marchers set out to evoke Jarrow image

BY JOHN LLOYD AND RHYS DAVID

THE PEOPLE'S March for Jobs leaves Liverpool today, as 250 unemployed people consciously evoke the image of the Jarrow march in a bid to dramatise the plight of the jobless and to strengthen public feeling against the Government's economic policies.

About 500 marchers will make up the full contingent, the extra numbers joining at various towns along the way. The marchers have been chosen by the TUC's regional councils, which organised the project, to cover a range of ages and occupations.

The march has attracted wide support, including the Liberal Party, churches, sports and entertainment personalities. Contributions totalling more than £60,000 have been received from trade unions, individuals and even from some businessmen.

The march, about 260 miles long, will end on May 31 with a grand rally in London.

Mr. Alan Fisher, TUC chairman, said that while similar to the Jarrow march in being a protest against unemployment, it was different because the marchers came from all over the country and all the country was affected.

"It is a march to get this Government to change its policies or get out. It is nobody's march: It is everybody's march."

Mr. Colin Barnett, secretary of the North-west TUC, said at a Liverpool press conference that the Government would run into serious opposition if it attempted to include the march in the current ban on processions in London.

"We must be able to capture the hearts and minds of all sections of the community and persuade them that there is an alternative strategy to that being followed by the Government."

Two members of the Institute of Journalists were expelled from the press conference.

ICI unions seek job security

SEVEN UNIONS representing more than 40,000 ICI workers are to put job security first in their pay claim, a union official said yesterday.

David Warburton, national industrial officer of the General and Municipal Workers Union and chairman of the ICI signatory unions committee, said ICI had cut 6,500 jobs since January 1980 and planned to cut at least another 5,000 this year.

"By no stretch of the imagination can all these cuts be directly related to the effects of the recession," he said.

Moves to extend bank staff dispute

BY OUR LABOUR STAFF

A SPECIAL meeting of the Banking, Insurance and Finance Union executive has been called for Tuesday to discuss the course of the pay dispute in the English clearing banks.

The union's disputes committee met on Wednesday and drew up recommendations for the executive.

Ballot papers on proposed industrial action by Midland Bank computer staff were due to be completed today. The union is expected to have the result of that ballot when the executive meets next week.

It already has a ballot backing industrial action by Lloyds Bank computer staff. It is unclear if the executive will discuss issues related to the dispute other than intensifying the action.

A ballot of the union's 70,000-plus clearing bank members on one or possibly two one-day stoppages is due for completion early this month.

Members of the Association of Scientific, Technical and Managerial Staffs at Midland Bank, who have also been offered 10 per cent, have voted against joint industrial action with BIFU.

Mr. Russell Miller, ASTMS national officer, said the vote was about two to one, but this did not mean that his members accepted the offer.

No specific advice would be given to his members on their attitude to BIFU picket lines, though ASTMS would support members who refused to cross them.

Wales TUC to study pay curbs

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WALES TUC begins its annual conference in Porthcawl today to assess the situation as Welsh jobless soared by 50,000 to over 147,000 or 13.6 per cent in a year. Most forecasts say there is even worse to come.

The conference agenda has the usual large clutch of ritual motions condemning the Government's economic and social policies. But the main interest covers two debates.

One is on the Wales TUC's "social plan," effectively a scheme for a revamped social contract between the trade union movement and the next Labour Government, which would include a comprehensive incomes policy.

Mr. Michael Foot, the Labour leader is due to give a speech tomorrow.

The other significant debate will concern the Wales TUC's proposal to move directly into the business of new job creation by setting up a trade union-backed resource centre and investment fund to promote a workers' co-operative movement.

AUEW split on arms spending

ENGINEERING UNION leaders were split yesterday over the need to cut arms expenditure to release money for more houses, schools, hospitals and the social services—to create more jobs.

The policy-making national committee of the Amalgamated Union of Engineering Workers decided by 55 votes to 34 to omit a cut in arms expenditure from their approved list of steps to "combat this Government's vicious, monetarist madness which has driven unemployment to its present unacceptable level."

Rail pay claims go to appeal

BRITISH RAIL'S manual unions—the National Union of Railwaymen and the train-drivers' union Aslef — decided yesterday to refer their pay claims to BR's highest appeals body, the Railway Staffs' National Tribunal.

The tribunal's eventual findings on the claims, both about 13 per cent, will not be binding on either side. It is thought that BR has never refused a finding, but BR officials doubt that the industry can afford more than the present offer of 7 per cent.

UK NEWS – PARLIAMENT and POLITICS

Dispute 'not harming economic strategy'

By Ivor Owen

Disruptive action by civil servants has created a backlog of payments to the Revenue amounting to between £2bn and £2½bn.

This was revealed by Sir Geoffrey Howe, the Chancellor of the Exchequer, in the Commons yesterday when he reaffirmed that the Government's economic strategy was not being put at risk by the Civil Service dispute.

The Chancellor reported that the latest information available indicated that about three quarters of the revenue due in April had been paid into the Exchequer accounts.

An estimated £1¼bn to £1½bn of tax duties and national insurance contributions had been delayed, bringing the total backlog since the dispute started to between £2bn and £2½bn.

Sir Geoffrey confirmed that as a result the Government's borrowing requirement and the money supply were temporarily higher than they would otherwise have been.

"This wil lsubsequently be corrected because the money owed to the Government will eventually be paid over," he said.

Mr. Leon Brittan, Chief Secretary to the Treasury, refused to be drawn on whether further cuts in public expenditure plans are likely to be announced before the start of the Parliamentary summer recess in July.

Pressed by Mr. William Hamilton (Lab., Central Fife) for an assurance that it was not intended to "clobber" the poor, the sick, the disabled and the elderly, he pointed out that it was planned that social security and health spending should increase in the period from 1980-81 to 1983-84.

Mr. Peter Shore, Labour's shadow Chancellor, asked if the Chief Secretary was firmly excluding any pressure for further cuts in the programmed increases for pensions and other social security categories. "Will you give that undertaking?" he demanded.

Mr. Brittain replied: "Nothing is excluded from a process which has not even begun."

Howe bows to pressure and cuts diesel duty

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, last night gave way to strong pressure in the Commons and accepted a Conservative backbench amendment halving the Budget increase on diesel fuel duty from 20p to 10p a gallon.

But he warned that the lost revenue, of £85m this year, and £135m in a full year, would have to be found in some other way.

Despite the concession on diesel fuel, which will come into effect when the Finance Bill becomes law, there was still lingering hostility and suspicion on the Conservative benches over the 20p a gallon increase on petrol duty.

Backbenchers were particularly anxious that the cut in diesel duty should result in lower petrol prices to motorists in the rural areas. They pointed out that the oil companies had said the increase in derv had meant higher costs on transporting petrol to country districts.

In that case, argued the MPs, petrol prices should now come down in rural areas in order to reflect the cut in diesel duty.

Sir Geoffrey was very cautious on this point and emphasised that he could not issue directives to the oil companies. He indicated, however, that the Director General of Fair Trading would be keeping an eye on the situation.

The diesel concession, which was not unexpected, brought a modest cheer from the Conservative benches.

But from the Opposition front bench, Mr. Jack Straw, a Labour Treasury spokesman, dismissed it as a "measly" concession which had been made in the hope of winning votes for the Tories in the coming county council elections.

He challenged the Chancellor to spell out to the electorate how he intended to recoup lost revenue.

There was a more enthusiastic reception from the Tories when the Chancellor disclosed that Mr. Peter Walker, Minister of Agriculture, had decided to give £5.5m in adaptation aid on oil for the glasshouse industry — a move long demanded by MPs representing rural constituencies.

The Chancellor rejected allegations from Mr. Peter Shore, Labour's Shadow's Chancellor that the 20p increase on derv and petrol designed to bring in a total of £1.2bn was savagely deflationary.

Sir Geoffrey defended the Budget strategy and argued that it had contributed to the imporvements in the economy shown in recent weeks, including a pickup in the housing market and the better forecast from the CBI.

Earlier, Mr. Trevor Skeet (C., Bedford) the main Tory opponent of the duty increases, had argued that a higher betting duty would offset the cost of the lost revenue, on diesel fuel.

If the petrol duty increase was cut back from 20p to 10p, he maintained, the revenue could be recovered by raising duty on spirits by £1 a bottle instead of 60p, on wine by 35p a bottle instead of 12p, and on a pint of beer by 6p instead of 4p.

He argued for a smaller increase in petrol duty in order to help rural areas but concentrated most of his case on the need for a reduction in diesel fuel.

"There are a number who share my view that something has to be done in order to help industry" sid Mr. Skeet.

But the Chancellor told him that the Government had to take into account the impact which such increases in taxes on expenditure would have. All the easy alternatives to raising £1.2bn on derv and petrol had been carefully considered at the time of the Budget. The reality was that the total revenue on gambling tax raised about £500m a year and an increase had been put into effect only last autumn. Any Chancellor would be reluctant to raise it further.

The cost of the concession could not be reflected in the PSBR so he would have to ask people to pay for it in some other way.

"There are a range of possibilities," he said. "I shall take account of the debate and bring proposals to the House in due course."

For the Opposition, Mr. Shore argued that the Budget was "perversely and wrongly deflationary." Therefore his party was making no suggestion for raising additional revenue to make good any loss from the diesel or petrol duty.

He feared that after minimum concessions from the Chancellor, the Tories who were threatening to vote against the Government would "be content with a little bit of growling and would then go back into the kennel." He hoped, however, that the Conservative backbenchers would vote for Labour's amendmants calling for cuts in duty.

Labour MPs including Mr. Denis Healey (carrying Leeds placard) and Mr. Eric Varley (Wales placard) carried out a protest in London yesterday over the level of unemployment. The MPs, shown leaving the House of Commons, walked to the Department of Employment in nearby Tothill Street and confronted Mr. James Prior, Employment Secretary, and shouted at him to resign.

Kitson hints at electoral college consensus

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. ALEX KITSON, Labour Party chairman, yesterday made an appeal to the Party not to "rehash the mathematics" at its conference later this year.

Speaking at the annual conference of the Textile Workers' Union, he said: "The time has come for us to look to the task ahead and stop going over old ground.

"We have reselection of MPs and we have electoral college. Give them both a chance to work and let's cease the game whereby a few percentage points for this or that part of the Party becomes a matter of monumental principle."

Mr. Kitson's remarks, though unspecific, confirm the first signs of a consensus among the unions that the form of leadership electoral college voted in at the Wembley special conference earlier this year—40 per cent to the unions, 30 per cent each to MPs and local parties—should not be overturned at the full conference in October.

He said the "real tasks" for the Party were "the pursuit of peace, getting out of the Common Market, getting our people back to work through our alternative economic strategy and assisting our brothers and sisters to overcome exploitation throughout the world."

Mr. Kitson told the conference that Labour's call for a strict control of imports did not amount to protectionism. "It is no part of my beliefs to export unemployment and encourage the exploitation of our fellow workers in the Third World and elsewhere."

SDP set out to build local base

By Elinor Goodman, Lobby Correspondent

THE Social Democrats yesterday launched the second stage of their campaign to establish themselves as a fully fledged national party with a strong local base.

A series of meetings are to be held throughout Britain over the next four months in an attempt to regain some of the momentum behind the highly publicised launch in March.

The four principals—Mrs. Shirley Williams, Mr. Roy Jenkins, Mr. William Rodgers and Dr. David Owen—are to address meetings in more than 40 towns between now and October.

At the same time, new moves are to be made to build up the new party's support among the unions.

As a start, Dr. Owen is to speak at a fringe meeting at the ASTMS conference in Blackpool, chaired by Mr. Jack Williams, the union's north-west president.

The idea is to build on the pattern of the launch by going out of London and preaching the Social Democratic message in as many parts of Britain as possible.

Public meetings

This will be done through public meetings, discussions with local pressure groups and meetings with SDP members to discuss the setting up of provisional local parties.

By the end of October, the aim is that every Social Democratic supporter in the country will have had the opportunity to go to a party meeting, regardless of where they live.

Last month, the SDP announced that the launch had brought in 43,000 members.

Yesterday, the party was unable to give any up to date figures, but Mr. Mike Thomas, the SDP MP for Newcastle East, said that around 100 informal groups had been set up since the launch.

The SDP MPs met earlier this week to discuss strategy, but they appear to have got no nearer to agreeing to the Liberals' request to set up some joint negotiating machinery.

Parliament next week

COMMONS

Tuesday: Finance Bill, committee. Education (Allowances for Assisted Places in Secondary School) (Scotland) Regulations.

Wednesday: Finance Bill, committee. Supreme Court Bill, Second Reading. Judicial Pensions Bill, remaining stages. Statute Law Repeals Bill.

Thursday: Debate on foreign affairs.

Friday: Private Members' Bills.

LORDS

Tuesday: Local Government (Miscellaneous Provisions) (Scotland) Bill, committee.

Wednesday: Debate on new and small businesses. Short debate on Navy Hydrographers Report.

Thursday: Transport Bill, Second Reading. Debate on EEC report on medicinal products. Short debate on Northern Ireland economy.

Thatcher stresses her commitment to further cut in income tax

BY IVOR OWEN

A FURTHER reduction in income tax remains a firm objective of the Government, the Prime Minister assured the Commons yesterday when she joined with Sir Geoffrey Howe, the Chancellor, in highlighting the improving prospects for the economy.

At the same time Mrs. Thatcher warned that those who want further cuts—"and I do"—must also accept that this involved either reining back public expenditure still more, or increases in tax elsewhere.

The Chancellor pointed to the "significant" upward move in the FT 30-share index as one of the prime indicators of the improvement in the outlook for the economy.

He also found encouragement in the latest CBI survey and went on to emphasise "there are certainly signs that output may have stopped falling."

But Sir Geoffrey, who was again fiercely attacked by Labour MPs for failing to announce any measures to prevent unemployment reaching 3m, was notably cautious about the scope for any further fall in minimum lending rate.

He nodded in agreement when Mr. Richard Body (C., Holland with Boston), suggested that interest rates should normally run at something like 3 per cent above the current level of inflation.

The Chancellor stressed: "It is relevant that the interest rate is positive."

Earlier he declared: "The fact is that inflation is on a downward trend — it is now at an underlying rate lower than if was when this Government came to office. Then it was on an upward trend and now it is going downwards."

Mrs. Thatcher looked forward to further income tax cuts after being forced on to the defensive by Mr. Michael Foot, Opposition leader, who quoted from an article in yesterday's Times showing that the three Budgets introduced by the Chancellor had raised the nation's tax burden by 20 per cent overall.

To cheers from the Labour benches, he recalled that the Conservatives won the last election on promises to cut taxation and yet a married man with two children on average earnings was now paying over 9 per cent more in direct taxes than three years ago.

Mr. Foot protested: "You cannot run away from the most notorious of your election pledges."

The Prime Minister retorted that the Opposition leader was running away from his own arithmetic.

She explained: "If you want tax cuts, and I do, you must first have expenditure cuts. Otherwise what you are saying is that as a mater of policy you will positively create inflation on top of inflation.

"That I will not do."

The Prime Minister referred to the other alternatives of "increases in tax elsewhere" when replying to Mr. John Home Robertson (Lab., Berwick and East Lothian).

UK forces 'too dependent on high technology'

BY LYNTON McLAIN

BRITAIN'S forces have become too dependent on high technology equipment in some areas, Mr. John Nott, Secretary of State for Defence, said yesterday in evidence to MPs examing his plans for a big review of the £12.3bn defence programme.

"My preference is to go for more but simpler equipment, where we can afford it," he said.

He told the House of Commons select committee on defence that he shared the view of Mr. Harold Brown, the U.S. Defence Secretary under the Carter Administration, that the West has tended to go for quality rather than quantity.

"Very often, we need to go for quantity in our equipment to combat the numerical strength of the Soviet Union," he said.

Besides seeking greater quantities of simpler, lower technology defence equipment, Mr. Nott wants to encourage greater specialisation among defence suppliers.

"Through greater specialisation comes greater standardisation, and we should push this forward," he said.

His idea is that, if individual manufacturers among the NATO countries specialised more, with less duplication of designs, they would progress towards greater volume sales of individual items.

The Marconi Stingray lightweight torpedo which Britain has developed and is now producing in a £950m unilateral programme was an example, he said.

Ideally, he would like to persuade other countries to buy Stingray in return for the UK buying other foreign equipment. However, in a suggestion that orders would not be placed overseas on price grounds alone, he said it would not be very cost effective for Britain to buy the cheapest systems from abroad if as a consequence was the elimination of a British design team which might be needed in three years.

Mr. Nott said a decision would be taken in the next few months about the choice of aircraft to replace Britain's Sea King anti-submarine helicopter. The whole future of the project is now under review, and the Ministry of Defence had to decide first whether a replacement was justified. He said that if a replacement was justified, then the choice was between giving an order to Westland Helicopters alone or to a collaborative venture between Westland and Italian manufacturers.

Peer hopes to win support for compulsory seat belts

A TORY Peer is planning to win support for compulsory seat belts when the Government's Transport Bill is debated in the Lords.

Lord Nugent of Guildford will table a new clause to the Bill. He is optimistic of his chances of getting the measure through on a free vote during the committee stage. The Bill will go before the House for its second reading next Thursday.

Lord Nugent, who has been campaigning for some time for compulsory use of seat belts, is spurred by the recent two-to-one majority in favour of the measure when his private Bill received a second reading at the end of last year.

"I think there is a good prospect that it might be favourably received in the Lords. If it is, three is a known majority in the Commons who would support it, and I hope the Government would back it too," he said.

Lord Nugent, president of the Royal Society for the Prevention of Accidents, added that he was encouraged by Government support for compulsory seat belts for children under 14, which was written into the Transport Bill during its passage through the Commons.

COMPANY NOTICES

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The serial numbers of the Bonds drawn are as follows:—

1556 to 1558	1570 to 1574	1600 to 1602	1646 to 1649	1688 to 1695
1826	1870 to 1872	1880 1881	1911 1912	1956 2052
2121 to 2140	2244 to 2246	2308 2327	2332 2359	2360 2368
2369 2380	2381	2443 to 2449	2706 2707	2737 2738
2818 2832	2988 to 2990	3077 to 3084	3101 3102	3148 3149
3173 3174	3251	3282 to 3286	3389 3422	3423 8512
8747 8748	8853 to 8855	8857 to 8861	8886 8887	8905
8963 to 8965	8981 8982	9100 to 9103	9297	9307 to 9313
9365 to 9368	9373 9416	9417 9432	9436 9562	9640
9693 to 9702	9738 to 9742	9779	9884 to 9887	9896 to 9903
9931 9932	9946	10022 to 10026	10141 10164	10187 10188
10192 to 10195	10197 to 10206	10217 to 10220	10252 10267	10294 10295
10304	10307 to 10310	10322 10333	10337	10340 to 10343
10363 to 10365	10375 10394	10457	10460 to 10462	10465 10466
10468 to 10473	10477 to 10479	10517 to 10523	10538 10539	10542 10543
10546 to 10551	10582 to 10589	10604 10605	10625 10626	10732 to 10734
10805	10810 to 10820	10861 10869	10870 10887	10904 to 10907
10911 to 10913	10946 to 10954	11022 to 11027	11060 11061	11103 11107
11115				

On 1st June, 1981 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st June, 1981. Bonds so presented for payment must have attached all coupons maturing subsequent to 1st June, 1981.

U.S.$445,000 nominal value will remain outstanding after 1st June, 1981.

The following Bonds previously drawn for redemption on the dates given below have not yet been presented for payment.

1st June, 1979
8016 to 8020

1st June, 1980
8459

30, Gresham Street, London EC2P 2EB — 1st May, 1981

ANGLO AMERICAN INVESTMENT TRUST LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

Notice is hereby given that the forty-fifth annual general meeting of members of Anglo American Investment Trust Limited will be held at 44 Main Street, Johannesburg, on Wednesday, June 10, 1981 at 12h00, for the following business.

1. To receive and consider the annual financial statements of the company for the year ended March 31, 1981.
2. To confirm the appointment of Mr. P. J. R. Leyden as a director of the company on October 2, 1980, and to elect directors in accordance with the provisions of the company's articles of association.

The transfer registers and registers of members of the company will be closed from June 2 to June 10, 1981, both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per W. Q. Nicol
Divisional Secretary

Registered Office.
44 Main Street
Johannesburg 2001
April 30, 1981

London Office:
40 Holborn Viaduct
London EC1P 1AJ

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

7½% Debenture Stock, 1990-92

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 18th to 29th May, 1981 both days inclusive.

By Order of the Board
H. J. McTurk, Secretary

48 Palmerston Place
Edinburgh EH12 5BR
1st May 1981

UDDEVALLAVARVET AB

7¾% Guaranteed Notes 1983

S. G. WARBURG & CO. LTD. announce that the instalment of Bonds for a nominal value of U.S.$2,300,000 have been purchased for the redemption due on 1st June, 1981.

U.S.$11,600,000 nominal Bonds will remain outstanding after 1st June, 1981.

30 Gresham Street,
London, EC2P 2EB.

1st May, 1981

OLYMPUS OPTICAL CO., LTD.

United Kingdom Shareholders are advised that copies of the 1980 Annual Report are now available from:
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.

1st May, 1981.

THE NEWFOUNDLAND COLONISATION AND MINING COMPANY, LIMITED

NOTICE TO SHAREHOLDERS

The above-named Company is holding an Extraordinary General Meeting on 28th May 1981. The meeting will consider important proposals regarding the reconstruction of the company.

Notice of the meeting together with details of the proposals has been sent to the address of each shareholder as registered in the company's books. Any shareholders who do not receive a notice by this means should contact the Secretary of the company at 31/33 Grosvenor Hill, London, W.1, giving details of their shareholding and their current address. Provided that a shareholding is established to the Secretary's satisfaction, he will supply a copy of the Notice of Extraordinary General Meeting together with details of the proposals being considered.

By Order of the Board,
R. O. PRICKETT,
Secretary.

DRAWING

At a drawing made on 8th April 1981, in the presence of a Notary Public in London, Bonds of:—

State of San Paulo Coffee Institute 7½% Sterling Bonds—Plan 'A' totalling £34,700 were drawn for redemption as at 1st July 1981.

Lists of drawn Bonds can be obtained at Lazard Brothers & Co. Ltd., 21 Moorfields, London, EC2 to whom Bonds should be presented for payment, at a price of £102 per cent.

Bonds presented for redemption shall have Coupons Number 111 to Number 119 attached, otherwise an amount equivalent to the missing coupons shall be withheld.

GMAC OF CANADA, LIMITED AND GMAC OVERSEAS FINANCE CORPORATION N.V.

NOTICE IS GIVEN HEREBY to holders of notes issued by the above companies that the Annual Report and Accounts of such companies and of General Motors Acceptance Corporation have been published and lodged with Extel Statistical Services Limited. Copies of such reports may be obtained upon written request to GMAC (U.K.) Ltd., P.O. Box 11, Luton LU2 0SZ, Bedfordshire, England, Attention: Area Manager.

SOFINA

Societe anonyme
Registered Office
38 Rue de Naples, Brussels
Commercial Register of Brussels
No. 270194

The dividend for the financial year 1980, fixed at 245 francs net of previous deduction, will be payable from 7th May 1981 on presentation of coupon number 39.

Payments will be made by the following establishments in London:
Banque Belge Limited,
4 Bishopsgate,
London EC2N 4DA.
Midland Bank Ltd.,
International Division,
60 Gracechurch Street,
London EC3P 3BN.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¾% First Mortgage Debenture Stock 1986-90 of the Company will be closed from the 8th to the 15th May, 1981, both dates inclusive.

By Order of the Board,
G. T. LOWNDES,
Secretary.

71-78 Victoria Street,
Wolverhampton.

PUBLIC NOTICES

GLOUCESTER COUNTY BILLS
£5,000,000 Bills issued 30th April 1981 at 11⅝% to mature 30th July 1981. Applications £31,000,000. Outstanding £11,500,000.

NEWBURY DISTRICT COUNCIL
£720,000 Bills issued 24th April, 1981 due 24th July, 1981 at 11 23/64%. Total applications £4.32m. None outstanding.

EXHIBITIONS

ASH BARN, Winchester Rd., Petersfield, Hampshire. Tel: 3662. Spring Exhibition of Paintings & Sculpture. Until May 31st.

GREATERMANS STORES LIMITED

NOTICE TO SHAREHOLDERS
DECLARATION OF PARTICIPATING PREFERENCE DIVIDEND NO. 11

NOTICE IS HEREBY GIVEN that a dividend of 7.9 cents per share (comprising a Preferential dividend of 3.5 cents and a Participating dividend of 4.4 cents per share) in respect of the Cumulative Participating Preference Shares for the six months ending 30 June, 1981, has been declared by the Board of Directors payable on the 30 June, 1981, to Participating Preference Shareholders registered in the books of the Company at the close of business on Friday, 15 May, 1981.

The dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on 5 June, 1981.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15 per cent from dividends payable.

For the purpose of paying the above dividend, the Participating Preference Share Register will be closed from 16 May to 5 June, 1981, both days inclusive.

Dividend cheques in payment will be posted on or after 30 June, 1981.

By Order of the Board.
B. C. CRAGG, Secretary.

Registered Office
220 Commissioner Street,
Johannesburg, 2001.

London Transfer Secretaries:
Granby Registration Services,
Bourne House,
34 Beckenham Road,
Kent, BR3 4TU,
United Kingdom.

South African Transfer Secretaries:
Central Registrars Limited,
28 Harrison Street,
Johannesburg, 2001.
(P.O. Box 61042,
Marshalltown, 2107.)

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.
It will be published on following dates:

May 13
June 10
July 13
August 13
September 14
October 15
November 11
December 15

There is a limited amount of advertising space available each month. If your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department
on 01-248 8000
Ext. 3266 or 3389

To the Holders of Chrysler Overseas Capital Corporation

4¾% Guaranteed Convertible Sinking Fund Debentures due 1988
5% Guaranteed Convertible Sinking Fund Debentures due 1988

This Notice is given in accordance with Section 7.09(a) of the indentures under which Chrysler Overseas Capital Corporation 4¾% Guaranteed Convertible Sinking Fund Debentures due 1988 and 5% Guaranteed Convertible Sinking Fund Debentures due 1988, respectively, are issued and outstanding (the "Indentures" and the "Debentures").

J. Henry Schroder Bank & Trust Company has given notice to Chrysler Overseas Capital Corporation, issuer of the Debentures, and Chrysler Corporation, guarantor of the Debentures, of its resignation as successor Indenture Trustee for holders of the Debentures.

Section 7.09(d) of each of the Indentures provides that the resignation of the Indenture Trustee thereunder shall become effective upon acceptance of appointment by a successor Indenture Trustee as provided in Section 7.10 of the Indentures. Upon acceptance of appointment by a successor Indenture Trustee, notice thereof is to be given to holders of Debentures as required under the Indentures.

J. HENRY SCHRODER BANK & TRUST COMPANY
as successor Indenture Trustee

FINANCIAL TIMES SURVEY

Friday May 1 1981

International Offshore Technology

The rapid development of offshore oil and gas has led to a shift in balance between OPEC and non-OPEC countries. The North Sea, now the world's second biggest oil producer, has become the fastest developed area and, together with its technological challenge, has provided a test bed for the development of offshore technology— an industry set to expand even further.

Playing a central role

By Ray Dafter
Energy Editor

NEXT WEEK Houston in Texas again becomes the mecca of the international oil industry and its suppliers. The Offshore Technology Conference (OTC) which will dominate the city's life during the session has become firmly established as the most important annual event in the calendar of the oil and gas world. The extraordinary jamboree is itself a tribute to an important and growing part of the energy scene—the offshore oil and gas industry which has spawned a technology and cameraderie all of its own.

Oil consumers are relying increasingly on the output from offshore fields. In 1975 off-shore oil production accounted for a shade over 15 per cent of non-communist world output. At present its share is nearer one-fifth. Industry estimates suggest that within the next decade as much as 30 to 40 per cent of total world crude oil output may be coming from offshore fields. In a similar fashion offshore gas fields, which now account for over 11 per cent of world natural gas output, are destined to play an increasingly important role.

The North Sea, which despite the great technological challenges has been developed at a faster pace than any other major oil producing region, has quickly emerged as the world's second biggest oil producer. In February the output from the UK, Norwegian and Danish sections of the North Sea reached a record 2,363,186 barrels a day (b/d), a 3.4 per cent increase on the performance in February 1980. Output is destined to rise much further, quite possibly to around 3m b/d. Latest government estimates suggest that UK output alone could be between 1.8m b/d and 2.4m b/d by 1984.

It must now be only a matter of time before the North Sea becomes the premier offshore region because Saudi Arabia, currently in the top spot, has made it clear that it does not intend to mantain its very high rate of production for ever. Saudi Arabia is now producing at the rate of 10m to 10.3m b/d, with about a quarter coming from offshore fields, in an attempt to create pricing unity within the Organisation of Petroleum Exporting Countries (OPEC). Its actions are contributing to the present over-supply of crude oil and the erosion of the more extravagant prices imposed by a few hawkish members of OPEC.

Rising production from non-OPEC countries—Mexico and North Sea producers in particular—is another reason why the supply and demand balance is easing and prices are softening.

There is a touch of irony here since many of the offshore fields—particularly those in the deep hostile waters of the North Sea and those that might be brought on stream in the Beaufort Sea—could not be considered as economically feasible but for the high oil prices which emerged in 1973-74 and have continued since.

For example, the development of a medium-sized field in the northern waters of the North Sea now costs well over £1bn.

Not surprisingly, much of the industry's emphasis—evident at successive OTC conferences is being laid on producing offshore oil more economically. Increasingly producers are adopting lighter platforms and floating structures in a bid to peg costs.

Underwater production systems, often referred to as subsea completions, are being installed at an increasingly rapid rate as operators gain confidence in using such remote facilities. Over 270 subsea completions have been installed involving, as one industry observer put it, a new business consuming capital and manpower reminiscent of the moon landings. Industry forecasts suggest that in the four years 1980-83 some 300 subsea completions will be installed, almost one-third of which should be in the North Sea.

Equipment

The North Sea's share of underwater equipment is roughly in line with its relative importance in the offshore supply market. Past studies have shown that the UK sector of the North Sea accounts for about a quarter of the orders (in value terms) placed by the offshore oil industry.

Since the value of UK orders for goods and services amounted to nearly £2.4bn last year it would appear that the world offshore oil supply market is now running at around £10bn. The true worldwide figure is probably much higher given the fact that UK orders last year fell from the 1979 level of £2.7bn. The fall can be largely explained by a drop in orders for platform structures.

Despite tax increases which have made the North Sea a less attractive oil sector and which have resulted in the postponement of at least two projects (North Claymore and North Thistle's Area Six reservoir) the prospects for platform orders appear to be reasonably bright.

According to stockbrokers Wood, Mackenzie, over 30 platforms could be ordered during the next three years although I would prefer to project the orders over a longer timespan, probably nearer five years. It must also be emphasised that many of these orders will be for small platforms, needed by British Gas Corporation for the development of its Morecambe Field in the Irish Sea. As many as 12 platforms might be needed for this particular development.

All this will be good news for the UK platform fabricators which, in recent years, have managed to secure some three-quarters of the domestic production platform contracts in value terms. Taking the value of all the UK offshore orders in 1980 British companies once again emerged with over 70 per cent of the cake, in sharp contrast to early 1973. Then the embryonic UK offshore supplies industry was facing intense competition from the strong U.S. industry and could manage to secure only 25 to 30 per cent of the orders.

Two factors in particular have helped to boost the UK industry (that is, apart from the companies' own initiative and perseverance); the UK offshore operators' agreement to give British companies a "full and fair" opportunity to compete for work and the establishment of the Department of Energy's Offshore Supplies Office (OSO).

In the same vein the British Overseas Trade Board and the Association of British Oceanic Industries (ABOI) are sponsoring the participation of 170 companies at the Offshore Technology Conference. Once again it will be one of the biggest national groups in Houston.

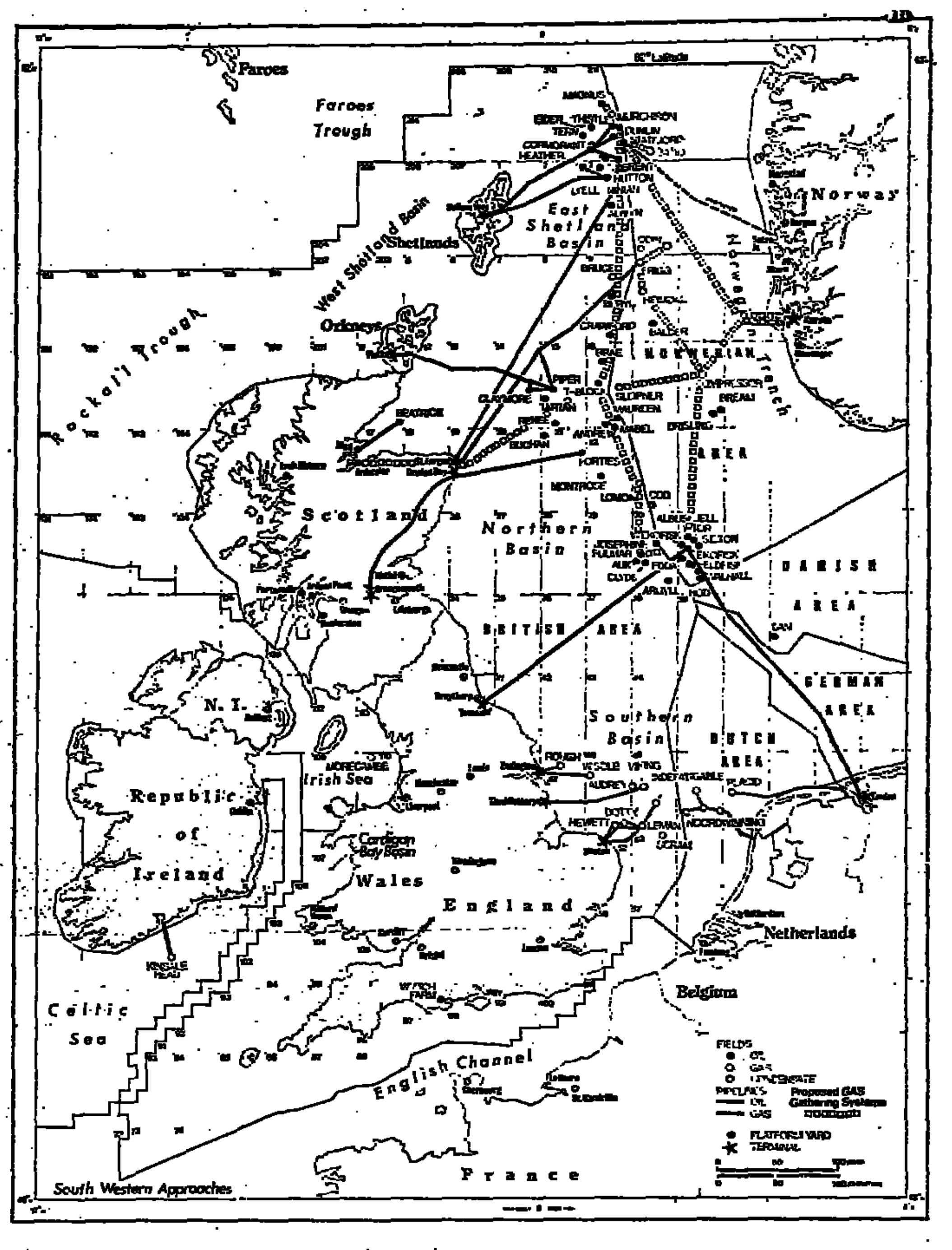
There is much more business for the UK industry to win at home. Shell UK Exploration and Production reckons that over the next 20 years some £60bn will be invested in the UK Continental Shelf. Of this total some £32bn would take the form of capital expenditure on new fields, £15bn would go on operating expenses, £8bn would be spent on plant and equipment for existing and planned oil and gas projects, and the remaining £5bn would be the money required for exploration and appraisal drilling.

Offshore suppliers need chameleon vision to monitor the opportunities that are now presenting themselves worldwide. Last year 3,216 wells were drilled offshore in non-communist countries, an increase of 135 per cent on the 1970 level. Industry projections suggest that by the mid-1980s between 4,500 and 5,000 offshore wells could be drilled annually.

To cope with this increase the oil industry is on a buying spree for new mobile rigs. In the past decade the size of the rig fleet has grown by an average 9.8 per cent a year. At the end of last year there were around 500 rigs in the fleet—all of them in operation.

The UK industry—like its overseas competitors—has been paying particular interest to activity in South America, in particular in Brazil where a number of British companies have obtained an important foothold. In that part of the world there is also considerable scope for offshore business in Mexico, Venezuela, Argentina and Chile.

China's offshore exploration programme is progressing much more slowly than many in the oil industry would have expected—or hoped. But recent signs from Peking have indicated that bids for the first exploration licences in the Yellow and South China Seas may be sought from foreign oil companies later this year. If the Chinese plans come to fruition another important offshore market will have opened up.



Fields on the North-West European Continental Shelf with existing and proposed oil and gas pipeline networks

INTERNATIONAL OFFSHORE TECHNOLOGY II

Gas gathering is the new adventure

NORTH SEA

RAY DAFTER

A SAD thing is happening to the North Sea oil industry. It is being taken for granted.

Oil companies and their suppliers may recognise the North Sea for what it is—one of the most prospective and challenging exploration areas in the world. They know that technological frontiers have been pushed back in order for the rich oil and gas resources to be exploited.

But within the petroleum-producing countries bordering the North Sea—the UK, Norway and the Netherlands—the excitement seems to have dimmed. Nowhere is this more apparent than in the UK which, having reached oil (and energy) self-sufficiency, is now looking at ways of slowing down development work. There is an air of negativism creeping in.

There are some, seeing high unemployment and economic recession, even questioning whether the security of supplies and rising North Sea oil revenues have provided any real benefit to the country. Many appear to have already forgotten the unprecedented race to find and exploit oil and gas, using innovative technology along the route.

All this is a pity, for the North Sea industry is set to last for many decades yet and will continue to be a test bed for offshore oil and gas operations worldwide.

Early this year North Sea operators working in the UK and Norwegian sectors were producing oil at the rate of 2.3m barrels a day—more oil than was coming from Nigeria, Mexico, China, the United Arab Emirates or even Venezuela.

According to estimates in the newsletter Petroleum Intelligence Weekly, in January the North Sea was the world's fourth biggest oil-producing region, after the Soviet Union, the U.S. and Saudi Arabia. The UK alone, in producing about 1.7m b/d, ranked ninth in the world oil league.

No petroleum region in the world has been developed more rapidly—a process spurred on by a succession of record-breaking achievements.

Take the case of Chevron's Ninian Field, 105 miles north-east of Shetland. The field's central platform is a 600,000-tonnes concrete structure which has the distinction of being the largest man-made object ever to have moved on the face of the earth.

Such concrete platforms have since fallen out of favour with oil companies, which now prefer lighter steel structures, floating systems or—in the case of small reservoirs—the growing number of underwater well completions. A number of the concrete platform builders have disappeared but Howard Doris at Loch Kishorn — the builder of the Ninian platform—has persevered and diversified.

The group has put forward another innovation—a floating production system with an interchangeable deck system. In this way the unit can be used in exploration work and then returned to sheltered waters for the exploration deck to be replaced with a deck in a field development configuration.

Ways are being found, by BP and Chevron among others, to exploit the very large but difficult-to-extract oil reserves in the Clair Field, west of Shetland. Both BP and Chevron have conducted hydraulic fracturing tests involving the shattering of reservoir rocks and the injection of tiny propping agents needed to keep open the resultant cracks. Hydraulic fracturing worked in each case and well productivity was improved. The key to Clair's store of oil may have been found.

As North Sea fields mature companies step up their search for enhanced recovery methods that could be used to produce oil which would otherwise remain trapped in reservoir rocks. In a matter of a few years BP may inject chemicals—a type of detergent—in part of the Forties Field reservoir in an attempt to wash out some of the hard-to-get oil. Trials are already being conducted in some Midlands oilfields. BP's plans could result in the first application of chemicals-enhanced recovery in such hostile offshore conditions.

BP, like a number of other companies, has also been developing a floating production system incorporating a platform—similar to a semi-submersible unit—anchored securely to the seabed by tensioned mooring lines or steel pipes. BP had considered using its Tethered Buoyant Platform (TBP) system in its deep water Magnus Field.

The field, the most northerly reservoir under development in the North Sea, lies below 615 ft of water—within the range of the TBP. But BP opted to use a second generation steel platform instead. As Mr. Peter Stuart, project manager for the platform structure, commented: "We have purposely avoided innovation because this is the deepest and largest yet and, in location, the most severe."

In the event Conoco quickly took up the challenge to pioneer a tethered floating system. The company is to instal the unit—in Conoco's case, one called a Tension Leg Platform (TLP)—in its Hutton Field. It will be the first platform of its kind in operation anywhere in the world. The reservoir, lying below 480 feet of water, could have been exploited through a conventional platform but Conoco thought the field presented an ideal opportunity to test the TLP concept.

There can be few better examples of innovation in the North Sea than the Phillips Group's Ekofisk complex of fields. It has taken over a decade to put all seven oil and gas fields into production; at a cost of around $6bn Ekofisk was claimed to be the world's second largest private commercial project—only the Alaskan pipeline cost more. The complex includes 27 permanent structures (all on the Norwegian side of the North Sea median line) and its arms stretch to Teesside in the UK (a crude oil reception terminal), to Emden in West Germany (a natural gas reception terminal), and to Mongstad and Bamble in Norway, where respectively, a refinery and petrochemicals plant handle products from Ekofisk.

Along the way Phillips and its partners have introduced a number of new concepts for offshore development, several of which have since been further developed by other operators. They include:

- Early production from a converted jack-up platform;
- Use of a single buoy mooring system for tanker loadings;
- Concrete storage tank-cum-platform;
- Re-injection of gas and natural gas liquids at ultra-high pressure;
- Platform devoted solely to living quarters;
- Long-distance underwater pipelines with intermediate booster platforms;
- Private satellite/tropo-scatter communication system linking three countries;
- Specially-designed emergency and utility vessel.

While a number of these features—new in their time—have become established, the pace of innovative work on the north west Continental Shelf—the North Sea in particular—has not slowed down.

British Gas Corporation's Rough gas field in the southern sector of the North Sea provides another illustration. In a unique operation this partly depleted reservoir is being converted into a natural storage tank. In the summer months (of low gas demand) natural gas from northerly fields will be pumped into the Rough reservoir. During the winter months of peak demand gas will be pumped back out of Rough at a far faster rate than during its previous production life.

British Gas Corporation is being equally adventurous in its development plans for the Morecambe gas field in the Irish Sea. Some £1bn is to be invested in this project, which will include up to a dozen shallow water platforms. British Gas claims that, for the first time, slanting production wells will be drilled with the aid of a jack-up rig as a means of cutting development costs. Again Morecambe will fulfil a seasonal need; most of its five trillion (million million) cubic feet of recoverable reserves will be extracted during winter months.

The importance, and rising value, of natural gas is also recognised by the two ambitious gas-gathering pipeline networks now being promoted by the British and Norwegian Governments.

A team led by British Gas, BP and Mobil is working on a £2.7bn pipeline scheme that will collect natural gas and gas liquids from over a dozen different fields. Details announced last month show that eventually it could stretch from Magnus in the north to Fulmar in the south, although detailed planning of the 50-mile southerly sector, from Lomond to Fulmar, has been postponed.

The pipeline organisers also announced last month that they were scrapping plans for a junction platform, halfway down the main pipeline. Instead an underwater steel manifold will be used as the junction point; in terms of capacity and complexity this again could be a "first" for the North Sea. Some £200m to £[illegible]00m should be shaved from the pipeline cost through the replacement of the platform with the manifold.

The Norwegians are planning a similar—if anything, more ambitious — pipeline system stretching from the Statfjord Field in the north to Ekofisk in the south. There is will be connected to the gas line to Emden.

This system will be notable in that, for the first time, it will have to cross the notorious "Norwegian Trench." The trench, some 30 to 95 miles wide and 940 ft to 2,300 ft deep, is a natural obstacle which snakes its way down the Norwegian coast. To make matters worse the £1bn Norwegian system would necessitate a double crossing of the trench.

A pipeline containing wet and dry gas would run from Statfjord to Kaarstoe in Norway. The liquids would be collected for use in petrochemicals operation and the dry gas—methane—would be sent on towards the Sleipner Field and Ekofisk for sale on the Continent.

It is a pity that national aspirations, economic considerations and political influences cannot be reconciled to enable the construction of a single integrated North Sea gas-gathering system. The technological problems provide challenge enough.

Safety for divers

The Department of Energy has recently taken over a central co-ordinating role for ensuring "the development of offshore safety policy and the enforcement of safety standards to be developed in the most efficient and effective way." Among the new measures are diving regulations drawn up by the Health and Safety Commission, to come into force on July 1.

Increasing concern about offshore safety standards led to the Department of Energy setting up an internal committee in 1978 under the chairmanship of Dr. Jack Burgoyne.

The committee reported in March last year and found that, although the offshore industry before the Alexander Kielland disaster had had considerable success in avoiding major disasters, there were areas where the accident safety record should and could be improved; in particular the areas of installation, construction, drilling, diving and the operation of boats and cranes.

The committee recommended that the Department of Energy's ability to control safety standards should be strengthened if it was to be the sole agency for offshore safety. It also upheld the principle of independent certification of critical features of offshore structural and operational safety and recommended that the responsibility of the certifying authorities should be extended to cover the complete oil and gas pressurised system.

Other recommendations were the setting up of safety zones around mobile drilling rigs and well-heads on the sea beds; the possibility of enlarging existing safety zones; and the need to issue more detailed guidance generally including design and construction of equipment and operation of offshore pressure systems and personnel training. The latter particularly applied to divers, said the report.

The Department of Energy made clear in a detailed statement last November that the Government accepted the committee's central conclusion that the department should be the sole agency responsible for offshore safety.

To the committee's suggestion that the safety zones around offshore installations might be enlarged, the department said this would require international agreement.

The regulations covering diving, published last March, include:

- No person to dive unless he holds valid certificates of medical fitness and training.
- The diving contractor, usually the employer, to appoint a competent person as diving supervisor to be in immediate control of operations.
- The diving contractor to issue rules, provide a diving operation log book, and ensure the availability and safety of the equipment.
- For most diving operations the minimum size of the diving team to be three.
- All divers to keep log books containing records of dives, medical records, and training certificates.
- A certification board to be established for diver training to advise the Health and Safety Commission and its agents on diver training standards. The approval of schools to undertake training of certain categories of commercial divers, and the administration of a formal certification scheme.

David Churchill

New movement on the sea bed

SUBSEA COMPLETIONS

JAMES JOSEPH

THE ABILITY of the oil industry to complete wells on the ocean floor is adding substantially to the world's economic hydrocarbon reserves. Subsea completions have allowed the exploitation of reserves too small or uncertain to be drained commercially by other techniques.

As the oil industry moves into ever deeper waters, where economics militate against fixed steel or concrete platforms, subsea technology offers a realistic alternative.

The fundamental building block of this technology is the subsea Christmas tree—an assembly of valves, control mechanisms and plumbing—which can be connected by a flowline to a manifold, fixed platform, loading buoy, floating production facility or pipeline.

The tree can be either enclosed in a dry, one-atmosphere chamber or, much more commonly, left exposed to the sea (the wet completion).

Subsea technology has become a familiar discipline in the oil industry. The first recorded subsea completion was installed in 1943, in about 35 feet of water in Lake Erie. But this tree, and the 70 or so that followed in the Great Lakes, consisted of just a rudimentary master valve connected to a rubber hose. It was not until 1960 that the first recognisable ancestor of today's technology emerged.

This completion, installed by Shell Oil in the Gulf of Mexico, had full through flowline (TFL) capability, whereby workover tools are pumped through the flowline without having to dismantle the tree. This technique, which avoids the need to bring in a mobile rig for workover operations, is still at the frontier of subsea technology. Its viability has not yet been proved to the oil companies' complete satisfaction.

Two decades later, there are over 200 subsea completions scattered throughout the world. Most are simple, non-TFL wet satellite trees, used to mop up small pockets of oil outside the drainage area of existing platforms or to inject water into the periphery of mature fields.

But there is a growing bank of knowledge on complete subsea field development—an approach pioneered by Hamilton Brothers on its small Argyll field in the North Sea.

Argyll, which uses simple satellite trees feeding oil into a central manifold and thence to a floating semi-submersible, has clearly demonstrated the advantages of subsea development. It was brought on stream at half the cost and at least two years ahead of the projected schedule for a fixed platform development.

One subsea hardware manufacturer reckons the typical subsea development could start making a profit five years before a platform system on the same field.

Cashflow

Early production from subsea wells has other benefits besides prompt cashflow. Fixed platforms are often installed before reservoir size and characteristics are properly gauged. Many are believed to be some distance from their optimum locations. In these instances, the luxury of two years' trial subsea production would have paid dividends in the long run.

Phillips obtained early revenue and equally valuable production experience from its four-well subsea system on Ekofisk, the first field to come on stream in the North Sea. BP is planning a five-well pilot programme on the giant Clair field west of Shetland.

Although the Gulf of Mexico and offshore California are the largest markets for subsea equipment, the focus for innovative technology has shifted to the North Sea, with the Shell/Esso consortium, Elf Aquitaine and BP putting the most effort into research and development.

The Shell/Esso consortium plans to install its underwater manifold centre (UMC) on the Central Cormorant field next year. Based on Exxon's experimental submerged production system, which has been tested offshore Louisiana, the UMC has been described as the most advanced subsea production system built. It will be remotely controlled from the Cormorant "A" platform and a robot on the manifold will perform maintenance on the equipment.

All the wells—five on the UMC and four satellites—will have TFL capability. One has already been tied in direct to the Cormorant "A" platform. Shell described it as the most advanced well it had operated.

Only slightly less adventurous is Elf's six-well manifold for the North East Frigg gas field in Norway's sector. Close to the manifold will be an unmanned articulated column, which will receive radio signals from the main Frigg field facilities and relay them as hydraulic and electrical signals to the wellheads.

Elf has considerable subsea experience, having recently completed tests on the Grondin experimental subsea station, offshore Gabon.

Cautious

BP has adopted a more cautious approach to subsea production, although this technology forms part of nearly all its development plans. Taking its cue from Hamilton, it has developed the Buchan field with a cluster of subsea wells drilled through a seabed template. Satellite wells complement the template completions by draining oil from remote parts of the field. A floating semi-submersible acts as the production facility.

Its subsea completions on Buchan — and those planned as satellites on the Magnus field —stay within the limits of tried and trusted technology. However, BP is believed to be looking at TFL for the Clair pilot test.

Perhaps the most innovative concept in BP's stable is the single well oil production system (SWOPS), which involves a subsea completion linked by a riser to a dynamically positioned tanker. This system has been proposed for extended production testing and marginal field development.

There are a number of other subsea field developments in prospect elsewhere in the North Sea. Occidental has already embarked on the template/floating production facility development of North Claymore. Sun is looking at a similar plan for block 16/21 and Texaco is considering the system for block 14/20.

The Campos Basin, offshore Brazil, is another important centre for the subsea industry. The Enchova field, in about 640 feet of water, is the deepest field tapped by subsea techniques. Six template trees and four satellite trees produce via a manifold to a semi-submersible production facility.

Enchova was the first field in the Campos basin to come on stream, beating its more ambitious neighbour, Garoupa, by six months.

Garoupa is the world's only major dry subsea development. When complete, it will consist of nine dry subsea completions, two wet completions and a 15-well subsea template. All will eventually be linked by flowline to a fixed patform.

Where does the subsea industry go from here? In spite of the benefits of subsea development, it has proved difficult to overcome the inertia of an oil industry wedded to the concept of the fixed platform. Although a growing number of oil companies are considering subsea production, more often than not this alternative is discarded in favour of the conventional approach.

Ironically, the rising oil price has not helped the subsea business. With low oil prices, an oil company may consider subsea techniques as the only economic means of developing a marginal field. But as oil prices rise, the extra cost of a fixed platform can be justified.

For these reasons, the subsea market is unlikely to enjoy rapid growth until fields are found in water depths beyond the capability of fixed structures. Subsea engineers are confident underwater wells can be completed in any water depth that they can drill.

Small British presence in current contractors' boom

DRILLING RIGS

WILLIAM HALL

AFTER SEVERAL years of deep depression the offshore drilling market came into its own last year and operators saw charter rates spiral to unbelievable levels.

The change has been startling. In early 1979 semi-submersible drilling rigs were being hired for $16,000 a day, many were laid up and several owners faced bankruptcy. Today semi-submersibles are commanding close to $100,000 a day, all of them are in work and there is a desperate shortage of drilling units. Over the last year second hand values of rigs have doubled.

Last autumn, the International Association of Drilling Contractors said the majority of its members believed that the boom would continue until 1985. And while this may be over-optimistic, it is likely to continue until 1983.

The sharp increase in day rates for rigs is the most sensitive indicator to the changing nature of oil exploration. The substantial rise in oil prices has made many offshore fields worth exploiting and the political uncertainties in traditional oil-producing areas are encouraging oil companies to look for oil in more politically stable areas, many of which are offshore.

Finally, technical improvements in drilling equipment have widened the possible areas of exploitation and enabled operators to work in deeper and deeper water.

For these reasons the numbers of holes being drilled are increasing rapidly. P. F. Bassoe, the Oslo-based shipbrokers, estimates that in 1980 2,400 wells were drilled offshore around the world, as well as 800 "wildcats." In the current year an estimated 3,500 holes will be drilled, and by 1985 the figure could be as high as 4,850. By contrast, ten years ago 1,370 holes were drilled.

In terms of numbers, more than half the world's drilling fleet consists of jack-up drilling rigs and they account for four fifths of new orders. They are designed to drill for oil in shallow water (say, up to 350 feet), such as the Gulf of Mexico.

Semi-submersible drilling rigs are the next most prolific, accounting for about a quarter of all drilling units. They are capable of drilling in depths of up to 2,000 feet.

Finally, there are the drill ships, of which the more sophisticated are equipped with dynamic positioning controls, enabling them to keep station without the need for anchors. This means that tugs and anchor-handling boats are not necessary and because of their speed the unproductive time between drilling operations can be reduced. A drill ship can travel faster than a semi-submersible which adds to its flexibility, and it is ideally suited to drilling in water depths of over 2,000 feet.

Chartered

Given the boom in rates, shipowners and drilling contractors have been rushing to order new units and the fear is that too many units may soon be ordered which will lead to another slump in rates. However, most of the new semi-submersibles have been chartered ahead of their completion.

P. F. Bassoe estimated recently that $7.7bn had been spent on new orders for drilling units—a new semi-submersible costs more than $100m. These substantial sums underline the commitment of the banking community to this market since relatively little equity money has been injected. The bulk of the capital is provided by bank borrowers.

There are signs that the jack-up rig market is being influenced by speculative odering of new units. This is dangerous not only because it could lead to too many rigs being ordered, but also because it is attracting newcomers into the drilling business and leading to several unproven designs being ordered.

R. S. Platou, another Oslo shipbroker, estimated recently that more than a third of the units under construction are of new designs which have not yet been tested in operation.

As the tragic accident involving the Pentagon-type rig Alexander Kielland demonstrated a year ago, offshore drilling operations are accident-prone since companies are often working at the frontiers of technology.

The combination of over-ordering, the emergence of inexperienced operators and unproven designs for new rigs, could be storing up trouble for the experienced operators, since governments tend to react to accidents by imposing stringent blanket regulations which can damage the commercial side of the operation.

Already, many drilling operators in the North Sea prefer to operate under the jurisdiction of one State rather than another, because of differing attitudes to the amount of legislation necessary to control drilling rigs.

While some of these fears are at the back of people's mind, there can be no denying that the surge in orders for new drilling rigs has given a welcome boost to the world's hard-pressed shipyards, which are slowly emerging from their worst-ever recession.

The bulk

Far Eastern yards have won the bulk of the new orders, for semi-submersibles with the Japanese leading, followed by the Koreans. The brand new Daewoo shipyard in Korea has won four orders for semi-submersible rigs while in Europe British Shipbuilders has been struggling hard to win just one.

Although many of the Far Eastern rigs face a long tow back to Europe before they can start work, they are preferred by owners because of price and the fact that even allowing for towage they can be built more quickly.

The situation in the drilling rig market has been duplicated in the supply boat market although the increase in rates plus second-hand values has been less spectacular. The increase in exploration activity has led to increased demand for supply boats and anchor-handling supply tugs. Rates for the latter rose by more than 30 per cent last year.

The value of anchor-handling tugs has risen from $4m in early 1979 to $6.5m at the end of 1980, and as Zapata's purchase of Offshore Marine demonstrated, established operators are keen to strengthen their position in the market. Operators are no longer being forced to sell ships, as occurred frequently in the previous four years.

American drilling contractors continue to dominate the offshore market, and the same is true to a lesser extent in the supply boat field. However, the development of North Sea oil is leading to the emergence of a new generation of international contractors based in Scandinavia and Europe.

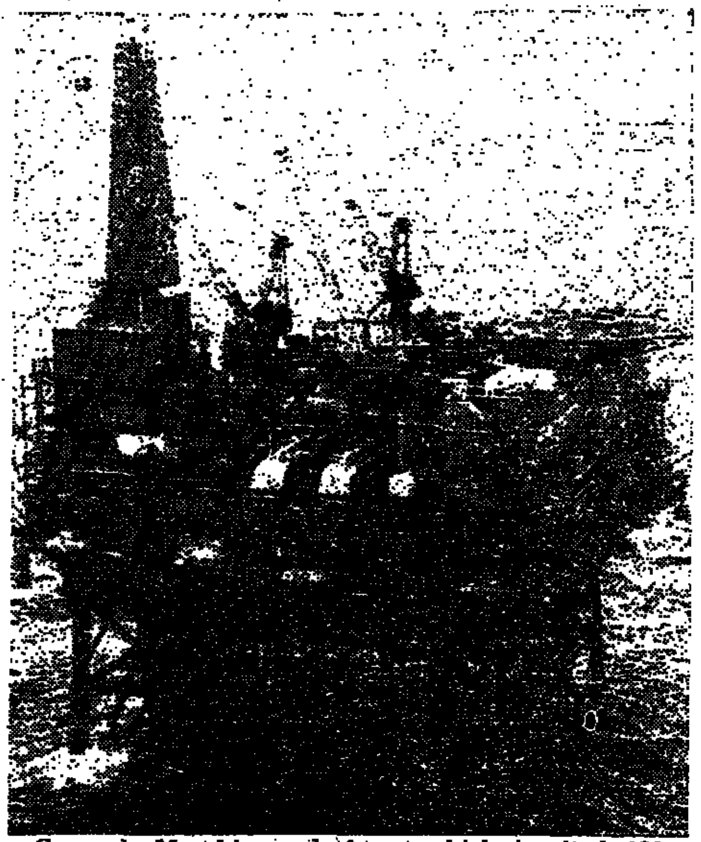
Unfortunately, British companies have been either slow to exploit the situation, or forced to withdraw for financial reasons, with the result that few British companies have made much impact in this important area.

OFFSHORE DRILLING RIGS

(Units—end-1980)

	Existing fleet	On order
Jack-ups	260	145
Semi-submersibles	111	31
Drill ships	80	4
Total	451	180

Source: P. F. Bassoe



Conoco's Murchison platform, which is sited 120 miles north-east of the Shetland Isles, is expected to support a peak production rate of 120,000 barrels a day by the end of the first half of this year

More choice and major advances

PLATFORMS

MARTIN DICKSON

THE HOSTILE waters of the North Sea become the world's main testing ground for offshore platform technology, which is continually pushing outwards the frontiers of the possible.

As the rising price of oil brings drawing board ideas into the realms of possibility, and as the hunt for hydrocarbons goes into deeper and deeper waters, the range of production facilities exploiting North Sea oil grows apace. For example, Shell/Esso are about to launch the jacket for their 400m-barrel North Cormorant field which, they say, represents a distinct advance in deep-water steel platform development.

The jacket, standing in 530 ft of water, will weigh less than others in comparable depths and have a higher production capacity than other platforms of comparable size. Shell believes the cost savings involved could have important implications for the development of marginal North Sea fields.

The same companies are also expected to unveil shortly their underwater manifold centre—due to be installed in Central Cormorant. This is a highly ambitious example of the move to develop highly sophisticated, remote-controlled subsea wells for use in deep waters.

A further example of deep-water technology is provided by the tension leg platform (TLP) which Conoco is expected to instal in its Hutton field in 1983—the first time this technology will have been used anywhere in the world on a commercial scale.

These developments are a far cry from the relatively small fixed platforms with which exploitation of the North Sea fields began. For example, the first British gas field to be discovered, West Sole, lies in just 90 ft of water.

In the 14 years since West Sole gas began coming ashore there have been major advances in the design of conventional fixed platforms, whether steel or concrete. The huge platform for BP's Magnus field will be the tallest fixed steel platform yet built for the North Sea. It is scheduled to be set in 610 ft of water in 1982.

Prohibitive

Magnus, however, probably represents the outer limit for conventional fixed steel structures in the North Sea, because of the prohibitively high costs involved in deep waters. Taller platforms are not without precedent—that for Shell's Cognac field in the Gulf of Mexico stands in depths of 1,000 feet—but they are not practicable in such a hostile environment as the North Sea.

Concrete gravity platforms enjoyed a spate of popularity in the North Sea during the 1970s, the first being installed in the Ekofisk field in 1973 and others being used in the UK sector on Brent, Cormorant, Dunlin, Ninian and Beryl.

The concrete platform has two main advantages over steel. It provides large oil storage capacity for fields not linked to the shore by pipeline and can carry the large deck loads needed for high oil and gas production rates from large fields.

The Norwegians remain the keenest enthusiasts for concrete platforms. The B and C structures being built for the huge Statfjord field are both four-legged concrete platforms.

Elsewhere, however, enthusiasm for concrete has waned, in part because it does not appear cost competitive with steel unless large storage capacity is required.

One fixed platform which can be used in very deep water is the guyed tower. The world's first commercial drilling and production platform of this variety is due to be installed by Exxon in the Gulf of Mexico in the summer of 1983. It will be 1,300 feet high, stand in 1,000 feet of water and weigh 43,000 tonnes.

The guyed tower rests on the seabed in the same way as a conventional platform but its steel tower is held upright by guidelines which radiate outwards and run through weights on the ocean floor and are anchored to piling driven into the seabed.

Advantages

The tower is "compliant," moving slightly in response to the winds and waves. On cost grounds alone it has advantages over conventional platforms in deep water; the tonnage of steel needed is reduced and the cost of installing the foundation pilings is minimised by using a small piling base.

However, floating platforms rather than guyed towers seem certain to play the predominant role in the development of the North Sea's deeper waters and for small, marginal fields. Floating platforms are not new to the North Sea. Since 1975 Hamilton Brothers has used one—a specially converted semi-submersible drilling rig—to exploit its small Argyll field.

But conversions are not without problems, as illustrated by BP's use of one for the Buchan field. BP has converted the semi-submersible Drillmaster (now renamed Buchan Alpha)—a sister ship to the ill-fated Alexander Kielland. At £75m conversion has cost three times the original estimate and has taken far longer than expected—Buchan will only come on stream this spring, nearly two years behind schedule.

Purpose-built rather than converted floating production systems of the semi-submersible variety are likely to grow in numbers during the 1980s. Occidental, for example, has plans to use one for its North Claymore field, although development here will now be delayed because of changes to the UK's offshore tax regime.

A variant on the semi-submersible idea is the tension leg platform developed by Conoco. This is held in place on a field by tensioned cables anchored to the seabed.

The idea is that upward buoyant forces, which are greater than the weight of the platform, maintain its mooring lines in tension throughout all weather conditions. A degree of lateral motion is allowed, but not the vertical movement, or heaving, associated with semi-submersibles and other floating vessels.

Several other companies have developed similar designs, including BP, which seriously considered the introduction of its "tethered buoyant platform" in the Magnus Field. In the event it decided against this because the field's characteristics would have demanded two platforms rather than one.

Conoco's Hutton platform will float in water which is relatively shallow — 480 feet — compared with the depths of up to 2,000 feet at which the TLP is designed to operate.

But Conoco says the field provides an excellent opportunity for the first TLP. The platform will be commercially competitive with a conventional structure: the water will be deep enough for the concept to work, but also be sufficiently shallow to allow divers to assist in installation, should this prove necessary.

INTERNATIONAL OFFSHORE TECHNOLOGY IV

Clearer view of the ocean floor

SEISMIC

DAVID FISHLOCK

AS RECENTLY as 1950 virtually nothing was known about the ocean floor, even that of the North Sea. Scientific exploration and such techniques as seismic and magnetic research methods have changed the picture dramatically.

The picture these studies have yielded is of a wide belt of coal, the Coal Measures, reaching from the Irish Sea as far as Poland and once forming the floor of the North Sea. But sediments from the erosion of softer rocks have accumulated over the past 300m years, crushing the coal beneath thousands of metres of overburden. The increasing temperature and pressure in the coal has released large amounts of methane, which has accumulated in pockets in the sediment to provide reservoirs of North Sea gas.

Further north in the North Sea, where the sediments were even deeper, the temperatures and pressures turned dark organic muds into liquid hydrocarbons. Like the gas, these liquids migrated to pockets where they were sealed in by salt deposits to build up the reservoirs the oil industry is tapping today.

The picture has been pieced together above all by a technique which has its origins in the mid-1930s, at the universities of Cambridge in England and Princeton in the U.S. This was to explode charges offshore and record the behaviour of the shockwaves generated.

Two basic techniques for "seismic shooting" emerged. One records shockwaves which travel horizontally from an explosion for a long distance and measures the speed with which they pass through different geological structures, providing clues to their make-up. It requires two vessels — one to set off the explosion and the other to record the earth tremors. For long distances powerful charges of high explosive — such as a naval depth charge — are needed.

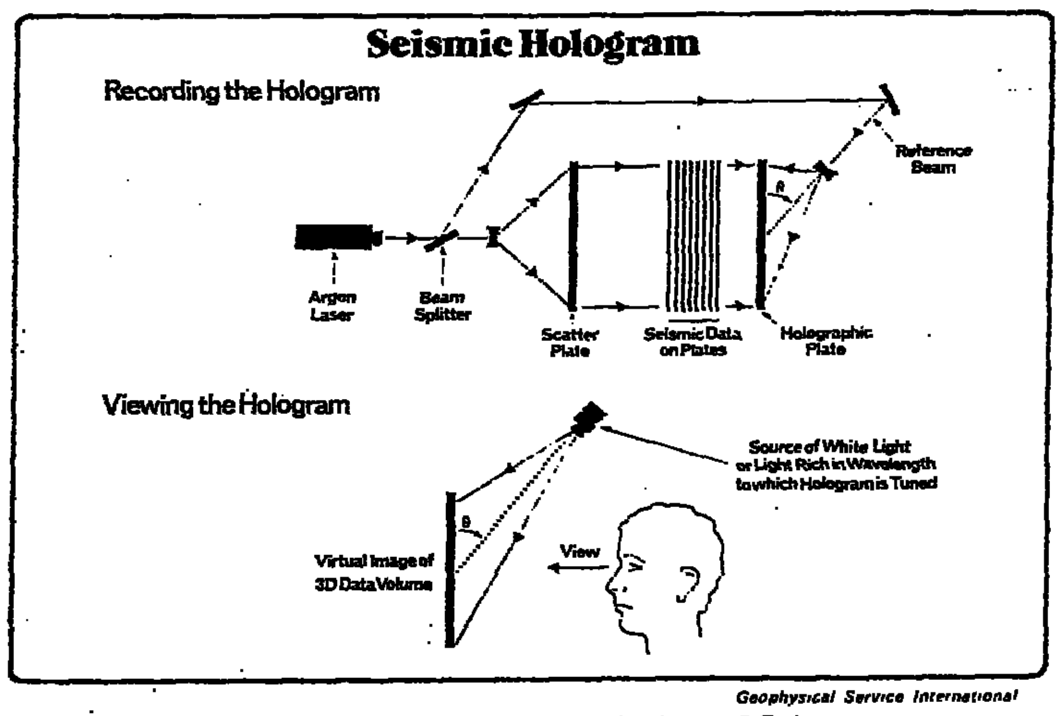
The second technique is to use a single research vessel to make studies of the seabed vertically beneath the ship. More refined methods of generating shockwaves are used, not least for safety. They include high-voltage spark generators. More recently, machines which inject a powerful vibration have been demonstrated. Arrays of these machines can be synchronised to produce patterns of vibration over a large area of sea floor. Such techniques have been helped by the availability of large and highly sensitive arrays of seismic detectors set up as part of the monitoring system for underground nuclear explosions.

Using such techniques the most promising areas of the sea floor have been explored during the 1960s and 1970s. Locations of sedimentary basins are known much more accurately than they were in the 1950s. The oil industry says it is no longer realistic to hope that oil might be found in significant amounts at depths greater than about 5,000 metres; and drilling even at this depth has been very disappointing. In the view of BP, as pioneers of the seismic technique for exploration, deposits of oil big enough to justify the cost of tapping them are unlikely to be found beneath the deep ocean bed. Hope for future discoveries of oil rests importantly on the discovery of medium and small reservoirs in more accessible parts of the sea.

Ferment

This in turn implies that seismic techniques for recognising and delineating relatively small pockets of oil must be refined much further. Already they make substantial demands on the skills of interpreters. Currently there is still a ferment of development effort into all aspects of seismic exploration, including the shockwave sources, the hydrophones that pick up the transmitted signals, the computing systems and software, and the interpretation of of the patterns so procured. The bigger oil companies tend to depend on in-house research and development. But seismic contracting companies specialising in this kind of surveying and the data processing are used very widely.

Such a company is Geophysical Service International, a subsidiary of Texas Instruments, which has been at the forefront of the evolution of sesmic technology since the 1930s. A scientific paper by its staff last year examined the evolution of seismic technology into the 1980s. Quality and resolution of sub-surface images based on seismic data improved considerably during the 1970s with the use of wavelet processing—a powerful new method of signal processing—and the use of three-dimensional techniques (see accompanying sketch). This improvement would continue into the 1980s, the scientists concluded, assisted by better signal processing and by the development of holographic imaging. They forecasted "significant advances in the effectiveness of the seismic method of finding oil."



Geophysical Service International

Optical holography: one way of viewing a 3-D image of part or all of a volume of seismic data

The Department of Energy in Britain also has a considerable interest in the results and interpretation of the surveys, especially in the North Sea. It has led officials to commission their own research on seismic modelling as a computer aid to the interpretation of seismic records.

Last year the Atomic Energy Research Establishment at Harwell completed a project for the Energy Department, the idea being to set up a computer model of a seismic survey system and of a geological structure and then to calculate synthetic data corresponding to a survey of the model structure.

According to Dr. Michael Stringfellow, from Harwell's Materials Physics Division, the structure of a region of interest in a recorded seismic section may be explained by comparing it with a synthetic one derived from a detailed model of the region based on well log data and on an initial interpretation of the seismic section. Then the shape and properties of the model are modified to give the best possible agreements. The final form of the model will then be the best approximation obtainable with the help of seismic data.

The most comprehensive of Harwell's programmes is SMART (Seismic Modelling by Acoustic Ray Tracing), its two-dimensional ray tracing programme. Its response to the survey system is calculated by tracing rays through the structure. Both primary and multiple reflections can be calculated, says Dr. Stringfellow. Another Harwell programme called SPIDER (Seismic Program Including Diffraction Effects and Reflections) takes care of diffraction of the source signal by regions of sharp curvature on reflecting interfaces.

Both of these programs have been used to generate synthetic seismic section to aid the delineation of hydrocarbon reservoir boundaries on recorded seismic sections.

Another refinement of seismic techniques for exploration has been developed in Britain by the National Coal Board, part of whose operations already extend several miles offshore. It believes it can detect geological faults in seams up to 500 metres ahead of its automatic coal-cutting machinery. At British rates of coal-cutting such a warning would give a colliery manager about six months' notice of the kind of fault which could halt production on the face. This is time enough to take evasive action, such as opening a fresh face, in order to keep the coal flowing.

But the scientists behind in-seam seismology envisage a still more important use, in "blocking out" new mines. With its help it may be possible to avoid major geological faults altogether in cutting the coal.

The technique has been developed by a team of geophysicists at the Mining Research and Development Establishment, Bretby. They have taken a technique first proposed by a German researcher in 1961 and refined it with modern sensors and signal processing. They fire explosive charges from the face being cut and track the path of the shockwaves through the seam with geophones. A research group at Oxford University has helped with the electronics.

New workhorse to take flight

AIR TRANSPORT

MICHAEL DONNE

THIS SUMMER something akin to a revolution will occur on the helicopter routes serving the North Sea oil and gas rigs, with the introduction of the new Boeing 234 Chinook heavy-lift twin-engined, twin-rotor helicopters in the colours of British Airways Helicopters (BAH).

These aircraft, of which BAH has six on order, will be capable of carrying up to 44 passengers, doubling the capacity of the current "workhorse" of the North Sea, the Sikorsky S-61Ns, and having a range of up to 650 nautical miles. They will enable BAH, under its multi-million pound contracts to oil companies such as Shell UK Exploration and Production, and BP Petroleum Development, to fly men and materials directly to and from the rigs in the North Sea furthest from Aberdeen, such as Brent, Magnus and Dunlin, thus by-passing Sumburgh, hitherto the major transit point for helicopter support traffic. This will cut flying times substantially, while also enhancing the comfort of the passengers, since the Boeing 234s will have airline-style interiors.

British Caledonian Helicopters is also interested in the Boeing 234, and it seems likely that in the not too distant future, other helicopter companies involved in North Sea oil and gas rig support may be obliged to follow suit.

The expanding demands of the rigs, both for regular supplies once in production, and during the development phase, have already resulted in the creation of a substantial helicopter support industry based on a number of centres along the east coast of England and Scotland, and in the Shetland Isles, with the primary bases at Aberdeen and Sumburgh, where millions of pounds have been and are still being spent in developing the ground support facilities needed for the expanding helicopter fleets.

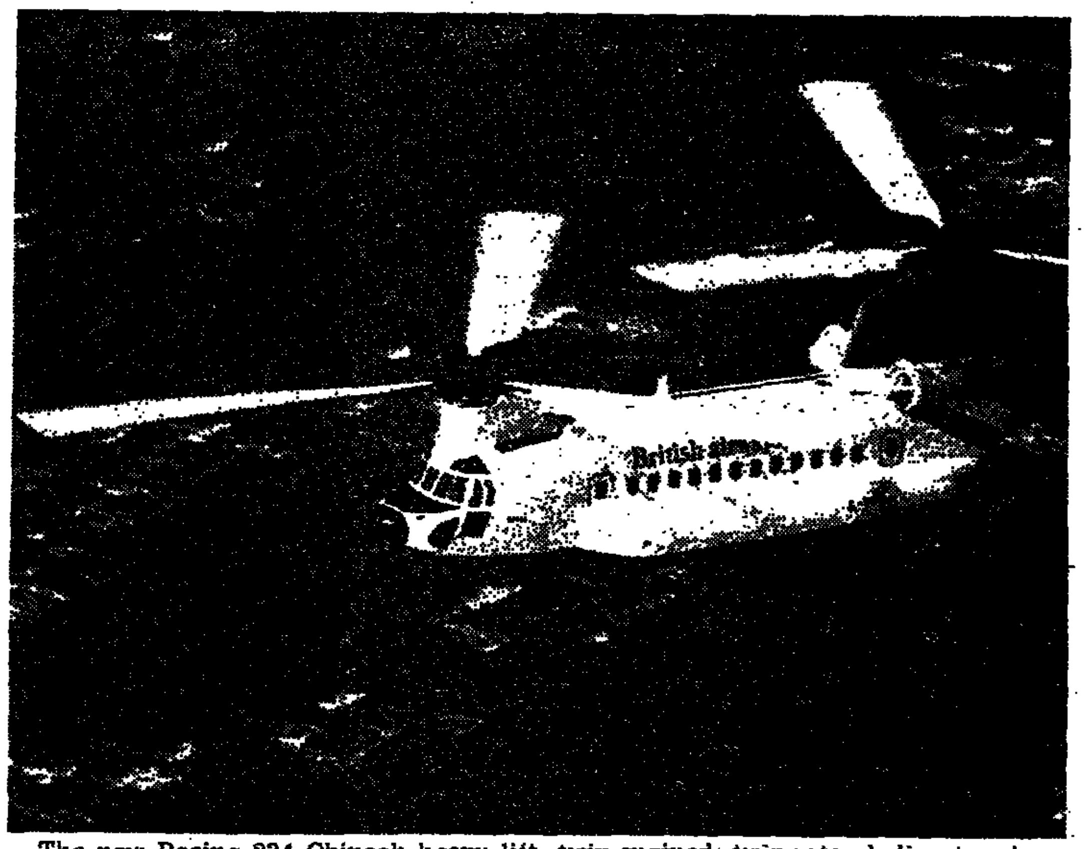
Availability

While it would be going too far to suggest that without the availability of the helicopter the development of North Sea oil and gas would not have taken place, it is certain that its development would have taken much longer. The helicopter, with its ability to take-off and land near-vertically, and to hover for extended periods, not only makes it an ideal vehicle for the regular supplying of the rigs but also helps in the latter's construction and development phase.

It is a mutually advantageous situation. For the increasingly stringent demands of the offshore oil and gas industries have in turn obliged the world's major helicopter manufacturers to refine their own designs to meet those requirements, especially for increased ranges of operation with increased payloads, and for improved all-weather and night performance. This has not only been the case with the North Sea, but also of offshore exploration activities in other parts of the world, including Alaska, the Gulf of Mexico and South-East Asia.

One of the major results of this demand has been the creation of helicopters specifically for such civil duties, rather than the conversion to civil tasks of helicopters originally developed for military tasks. While the Sikorsky S-61N, a military-derived machine, has been very much the workhorse of the offshore industry, without which much offshore development would have been considerably delayed, it is now likely to be replaced increasingly by more modern designs, such as the French Aérospatiale Super Puma, and the U.S. Sikorsky S-76, apart from the Boeing 234 itself.

Although it must be admitted that the Boeing 234 itself is essentially a military-derived machine (its antecedents include the "Jolly Green Giant" Chinook transport helicopters of Vietnam War fame), Boeing-Vertol of Philadelphia, part of the big Boeing Group, has done a great deal to the aircraft to turn it into a suitable machine for offshore work, improving the power plants and the fuselage design, as well as restyling the interior.



The new Boeing 234 Chinook heavy lift, twin-engined, twin-rotor helicopter, to be introduced on North Sea oil and gas rig routes this summer, has a maximum capacity of 44 passengers who will enjoy the comfortable airline-style interior

Boeing-Vertol is hopeful that the experience gained with the aircraft in service with British Airways Helicopters will not only encourage orders for that aircraft from other oil and gas companies, and aircraft operators, but also eventually lead to larger versions of the aircraft, going up through 68-seaters to eventually stretched versions with as many as 110-120 seats.

In this way the demands of the offshore industries for improved helicopters with increased range and payloads to enable rigs further from shore to be adequately serviced are likely to lead to new developments from the helicopter manufacturers. At the same time the availability of aircraft with improved payload performance is likely to encourage the offshore oil and gas industries to extend their own exploration and development into further, and deeper, waters. Already, for example, it seems likely that the availability of the Boeing 234 will stimulate rig development in the deeper waters north-west of the Shetlands.

The development of the offshore industries, however, has not solely benefited the helicopter industry. The requirements of the oil and gas industries for fast convenient transport on the mainland, once off the rigs, has in turn generated a substantial demand for small, executive-type light transport aircraft, and a profusion of "general aviation" companies has developed over the past decade, again based especially along the East Coast, although there are many also based inland.

Fixed wing

These companies generally provide convenient and rapid fixed-wing connections for transit passengers at Scottish sites like Sumburgh and Aberdeen and at Beccles in East Anglia, either direct to where they wish to go elsewhere in the UK or the Continent or to major airports for scheduled airline connections to long-haul destinations. The Air Taxi Operators' Association, for example, lists over 40 companies able to provide light transport aircraft on ad hoc or contract hire.

At the same time some of the small "commuter" and larger "regional" style airlines in the UK have also benefited considerably from offshore oil and gas industry development, and the number of internal UK domestic air services has increased in recent years, especially linking the Shetlands with the mainland and cities such as Aberdeen with others in the UK.

The extent to which the North Sea oil and gas industry has helped the development of UK air transport overall is indicated by the fact that in the 12 months to end-February the volume of helicopter traffic handled by Aberdeen stood at over 312,600 passengers, or 32.4 per cent more than in the previous 12 months.

For the same period the number of helicopter movements at Aberdeen amounted to 28,700, an increase of 32.5 per cent over the previous 12 months.

These increases were in addition to the 1.13m fixed-wing aircraft passengers handled at Aberdeen, a rise of 2.9 per cent for the same 12 months, and a rise of 10.1 per cent to 44,800 in fixed-wing aircraft movements.

At a time of decline in both passenger and aircraft movements at many other major airports in the UK as a result of the recession, this kind of growth at Aberdeen, the major "oil airport" for the North Sea, is as clear an indication as anyone can need of the way in which aviation and the oil industry are working together.

مطابقة للأصل

Tapping smaller reserves

A look at a new deep water system developed by a British consortium

INNOVATION

BRUCE ANDREWS

A BRITISH consortium has developed a one-atmosphere manifold chamber which, it claims, provides a viable means of producing marginal offshore satellite reserves. The system is described, for the first time, in a paper to this year's Houston Offshore Technology Conference by Mr. Mike Collard of Sir Robert McAlpine and Sons, and Mr. David Kemp of Humphreys and Glasgow.

Developing offshore production systems is not a sensational business. There are few "breakthroughs" and many years usually separate initial concept from final reality. An oil company innovator's announcement is often followed by a period when he shuts himself away to work out design details and, if these are successful, to turn the design into usable hardware. He likes to be able to change his mind, and make his mistakes, far from publicity's glare.

BP's single well production system (SWOPS) is a case in point. So is Shell's underwater manifold centre (UMC), developed from Exxon's experimental submerged production system (SPS) to exploit the Central Cormorant reservoir in the North Sea. The offshore industry has long known of these developments, but inquiries about details of current progress are not well received. All will be revealed, it appears, in the oil companies' own good time.

The consortium offering the one-atmosphere manifold has also been working for years, but more openly. Known today as Deep Sea Production Systems (DSPS), it is led by McAlpine. The other members are Humphreys and Glasgow and BICC. Beginning in 1977, DSPS took an imaginative look at total seabed hydrocarbon production and in 1979 pronounced that it had a system which was technically feasible and could become financially attractive, perhaps in less than five years.

The oil companies did not reach for their cheque books. The DSPS total seabed system, which included ideas for nuclear power generation and seabed habitats for operating personnel, were regarded as interesting but not immediately practicable. "A bit Jules Verne-ish" commented one oil major engineer. Another said that "a new kind of human animal" would have to be developed before operating crews could be found which would live happily in a seabed habitat for two weeks at a time, as was proposed.

Useful principles

Nevertheless, the consortium felt it had established some useful principles. It has since been concentrating on detailed reference designs, including, in particular, its satellite manifold chamber.

The main objective of DSPS, as its name implies, has been to develop deep water systems. But it now believes that its one-atmosphere system can be economically used to exploit reserves in relatively shallow water.

"We have evaluated a variety of seabed production systems in water depths down to 1,000 metres," say Collard and Kemp, "but to develop a comprehensive system for those depths it is necessary to adopt a step-by-step approach to gain design and operating experience on smaller, simpler applications in shallow water. This is a relatively cheap application of the one-atmosphere chamber but one for which there is an immediate and extensive requirement."

The system now proposed provides a means of producing reserves which would not justify the installation of a production platform. There are plenty of discoveries in the North Sea and elsewhere which come into this category. The crude oil would be collected from a number of "wet" wellheads and mingled into a larger flowline for transport to a distant processing platform. This makes it possible to reduce the back pressure on the field and to maintain higher production rates for longer than could be expected from individual subsea wells.

This is especially so when the size of individual well flowlines is limited by through flowlines (TFL) service requirements. The system enables the crude to flow for a greater distance for the same pressure drop and extends the range over which a field may be produced without local separation and pumping facilities. Moreover, because the crude holds it heat better in the larger manifold lines, wax build-up is reduced and better oil-water separation can be achieved.

The idea is similar to Shell's UMC. But whereas the Shell system is wet, and accessible only to divers, the DSPS system is in a dry breathable atmosphere. Skilled men, untrained in diving, can enter the chamber from a tethered capsule or conventional submersible which can lock on to the access hatch. Consequently, although the system will be highly automated and should require little human intervention, human attention can be given in an emergency and human beings can inspect it annually.

Oil men are nervous of seabed systems which purport to be completely automatic. Even the Space Shuttle—mankind's most impressive technological achievement to date—had two men in it. Shell hoped, at one stage, that its UMC would be "diverless" but now it seems that some diver assistance will be essential.

Processing

The DSPS reference design is for a 60,000 barrels-a-day field in 300 metres of water, 10 kilometres from a central processing platform. It is based on six production wells and four water injection wells. Its essential characteristic is a concrete pressure hull to protect the installation and provide the dry one-atmosphere environment. One of the advantages claimed over a wet system is that comparatively orthodox equipment can be used within the dry chamber.

Wet or dry? There are differences of opinion in the industry over which is preferable. It is largely a question of horses for courses. For example, a dry system might commend itself if there were sour gas in the crude, with a need to keep a very watchful eye on equipment performance, but might not be thought necessary with sweet crude flowing under comparatively straightforward conditions. Some engineers foresee the installation of a wet manifold and a dry gathering centre—a "wet-dry hybrid."

There is also disagreement among engineers over whether the dry chamber should be made of concrete. McAlpine, with long experience, and hence affection, for concrete engineering, claims that concrete is the cheapest and most practicable material which can be used, up to a depth of 500 metres at least. Others favour steel, pointing to the success of Lockheed (now CanOcean) with steel one-atmosphere chambers.

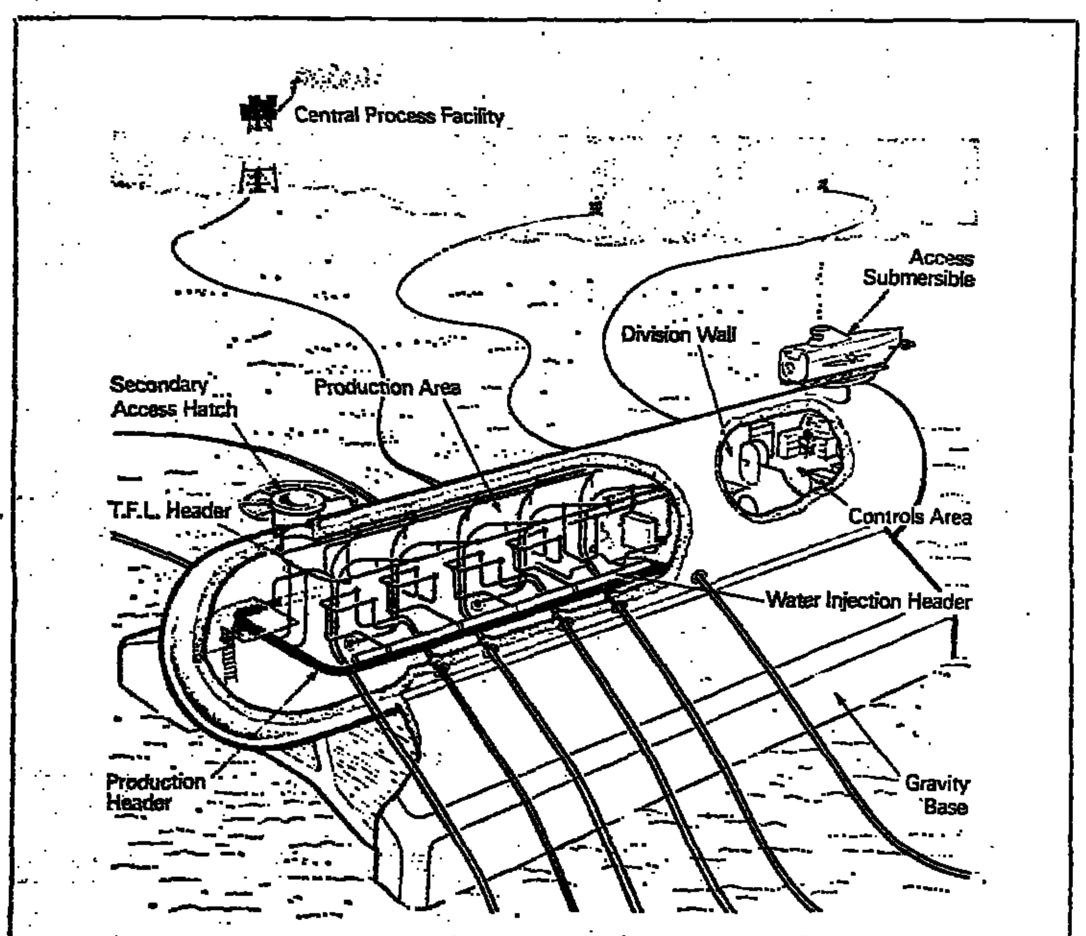
What is not in dispute is the likely value of the seabed manifold idea itself. Other installations will certainly follow Shell's pioneer UMC venture.

Critical

The DSPS consortium, however, is approaching a critical stage in its life. By the end of this year it will have spent about £4m, 40 per cent of which has been provided by the EEC and 30 per cent by the UK Department of Energy. No further funds are committed.

The hope is that an oil company will commission a design study for a specific project using the DSPS manifold. Phillips Petroleum is said to be particularly interested. Failing this, the consortium may seek further official funding for a prototype installation — or it may be dissolved. There is obviously a limit to the amount of speculative research the members would wish to finance.

But even if DSPS comes to an end the industry may expect to hear more about the commercial seabed manifold. Other companies are interested in the possibilities of designing and supplying these units, wet or dry, and the formation of at least one new company grouping to exploit the area may be expected.



DSPS satellite manifold chamber

Emphasis on smooth running

COMMUNICATIONS

ELAINE WILLIAMS

THE DAY-TO-DAY running of an oil production platform offshore is so complex that without good communications it would be impossible to run the system efficiently.

Every day details of oil production, reports, requests for supplies to be delivered by ship for transportation of personnel are required. In addition there is the routine business of running an offshore platform as well as special computer links which allow shore-based stations to monitor and control the pipelines that extract the oil. These are just some of the demands put on an offshore communications system.

All maritime communications are based on radio and for communications between ships and oil platforms the traditional methods are employed. However, the amount of information which daily flows between the platforms and the shore would soon crowd the radio frequencies, which are shared by other users.

Offshore, provision of high capacity data and telephone links to oil platforms is difficult, especially in the North Sea where some platforms are 175 miles from land and well out of range of the normal microwave transmitters used for platforms within sight of land.

Most of the oil companies operating in the North Sea use a system called tropospheric scatter. This employs a technique of bouncing very powerful microwave beams off the troposphere—a layer in Earth's lower atmosphere — to increase the range of the signal.

Ever-present turbulence in the layer causes the beam to scatter in the same way, for example, that the beam of a torch is visible at a street corner in the dark even though the person carrying it may be out of sight round the corner.

While much of the original power is lost, sensitive aerials are able to pick up the signals up to 400 miles away even though compared with the original transmitted signal it is 1,000 trillion (million million) times smaller.

Since 1976 the Post Office has spent more than £10m on setting up a sophisticated communication systems for North Sea oil platforms based on this principle. It provides an automatic telephone system which allows platforms to dial any national or international telephone subscriber just as any other Post Office user can. In addition the system allows the transmission of high speed computer data, telex and facsimile.

Telephone

Mobil's Beryl Alpha was the first North Sea oil platform to be provided with an automatic telephone service using the scatter technique. It lies 95 miles offshore. Since then the number has risen to about 17. Occidental's Piper platform, some 110 miles from shore north-east of Aberdeen, joined the service, followed by Total's Frigg Field.

In the second phase of the programme ten more platforms joined, including a complex of seven platforms, Shell's operation in the Cormorant, Brent and Dunlin fields, and British National Oil Corporation's Thistle platform.

It is only in the central and northern areas of the North Sea that the tropospheric scatter system is provided because of the large distances which have to be spanned. On the southern fields the platform complexes can be served by conventional microwave systems.

For example, both the Leman and Indefatigable fields lying off the East Anglian coasts are served by a single shore-based station at Bacton. This sends and receives signals and connects the platforms into the public telephone and telex networks. In these two fields alone a total of eight platform complexes are served by the link.

In comparison, the Post Office has built two shore stations to serve the northernmost oil fields which are out of normal microwave range. One is at Mormon Hill in North East Scotland, the other at Scousburgh on South Shetland.

Elsewhere in the world, since most other platforms are within sight of land it is unlikely that tropospheric scatter systems will be employed.

In addition, oil producers are looking more and more at the possibilities of extending their use of satellites for communications. Already they are used in the North Sea by companies such as Phillips.

But it is not just in providing conventional communications such as speech are satellites important. Towing an oil production rig to its final offshore position is, in many ways, akin to landing a spacecraft on the moon. A control room on a nearby support ship has to monitor and be in close communications with the rig as it is floated to its resting place and anchored on the sea bed.

Satellites are used to give a navigational fix so that an oil rig can be anchored with precision. Failure to hit the exact spot can cost millions of pounds in lost time and untapped oil.

In future this navigational aid will become more important as oil companies introduce specially converted oil tankers to exploit small fields which are now only marginally economic. These tankers will move from one well head to another.

Once a rig is operational there is still need to link the control room on board the platform with the various sensors that are used to monitor and control the pipelines.

Computers based on shore terminals often hundreds of miles away interpret and display information which is relayed from the well head by sensors. With 700,000 gallons of oil flowing out of the Forties field, for instance, every hour, measurements such as temperature, pressure and oil flow are important to calculate how much oil is being produced.

Monitored

Safety is another factor which requires really good communications. For example, in Alaska, where an $8bn pipeline stretches more than 800 miles over mountains and rivers in temperatures of minus 60°F the pipeline is remotely monitored from one point in the south of the country at Valdez.

One operator seated at his console in Valdez can shut down the entire trans-Alaska pipeline or vary the amount of oil flowing through it, as required. Automatic alarms can also initiate actions. For example, indications of an earthquake will shut down the pipeline within five minutes unless the operator overrides the computer.

On North Sea platforms themselves hand radios are a common sight as the structures are so large that workers often need them to talk to each other when they are on opposite sides of the platform.

Hand radios — walkie-talkies — are used to direct cranes during the highly dangerous loading and unloading operations and to help helicopters to land during the final moments of touchdown.

To meet the social needs of workers there is usually a public address system which can also be used to provide music and other entertainment. At the moment, though, it is rare to find live television provided on offshore oil platforms.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Trafalgar beats Wimpey in City

TRAFALGAR HOUSE Developments has won planning permission for a 450,000 sq ft office scheme on the site of the City of London School complex close to Blackfriars Bridge.

Approval for the Trafalgar House scheme was given yesterday by the City Corporation and the decision means rejection of similar proposals put forward by Wimpey Property Holdings.

The scheme will bring to an end years of uncertainty surrounding the future of the historical site and involves what must surely be one of the most notable examples of "planning gain" ever won by a planning authority.

Under the agreement approved yesterday, Trafalgar House is to provide the Corporation with a new City of London School on a site a short distance away to the east of Blackfriars Bridge.

The school is due first to move into the buildings which adjoin its present location and which were formerly occupied by the old girls' school and by the Guildhall School of Music and Drama, both of which have moved to the Barbican complex. These now vacant buildings are to be made habitable by the developer in a programme timed to start this September. The Guildhall School buildings are listed and an application for consent to make the necessary alterations has been made.

After its temporary stay, the School will move to its new building on completion in early 1984 and in the meantime Tragalgar House will also have been able to get on with the office development which will eventually occupy the entire former schools complex. The new office complex will be bounded by John Carpenter Street, Tallis Street, Tudor Street, Carmelite Street and the rear of Unilever House.

In return for the provision of a new school building — the cost of which could be around £13m and which will be met by Trafalgar House—the developer will get freehold ownership of the City of London School site, including the listed Great Hall building which fronts on to the Embankment.

Trafalgar House will also, of course, have under its wing one of the largest single office development schemes undertaken in the City and one which lies only the width of Fleet Street away from the old Evening Standard site, where proposals for a 190,000 sq ft office scheme have just been passed at the second attempt.

The City Fathers reckon that uncertainty over the future of the City office market could well depress rather than improve future offers for the site. Tragalgar House nevertheless believe they will have no difficulty in finding a customer for the new scheme and on terms which more than justify their accommodating approach.

Analysis here to stay

ANYONE hankering after the "good old days" when property deals were intuitive and entrepreneurs did quick sums on the back of envelopes, would have been left disappointed after sitting through a London conference this week on the measurement of property performance.

The conference, organised by the Centre for Advanced Land Use Studies, brought together 100 members of the surveying profession and left them with the distinct impression that performance measurement in the property sector—until recently just about as fashionable as a shop investment in the Falls Road—is here to stay.

Property investment markets in the UK have changed dramatically in recent years—not least because of endemic inflation—and yet while institutional funds have become the dominant force in this field, their investment managers have not generally been able to call on the type of analysis systems which have traditionally accompanied investments in gilts or equities.

But now a fresh, more fully informed, approach has become inevitable and the old—now inadequate—rule of book value against income yield has been eclipsed by a plethora of analysis systems which, in looking back, provide a basis for going forward. Time-weighted total returns and external yardstick measurements have apparently become the name of the game.

The slow adoption of more sophisticated performance analysis techniques is largely the fault of the chartered surveying profession, according to Michael Wheldon of Richard Ellis, who managed to make fellow members of the Royal Institution of Chartered Surveyors sit up and listen when he accused them of keeping the valuation process "shrouded in mystery," managing to avoid the issue of market tolerances and backing away from computerisation, which could bring down costs.

The profession, said Mr. Wheldon, had been aided in its obfuscation by the actuaries who preferred "to be roughly wrong rather than precisely right." It had been "completely illogical," he went on, to exclude property from the type of performance analysis systems which for so long had been applied to other forms of investment.

It was vital, Mr. Wheldon added, to achieve a clear picture of how a fund had performed in relation to its competitors and how it had fared against its potential liabilities and against inflation. Could reasonable judgments about future investment be made without explicit knowledge and understanding of the past?

"A satisfactory investment policy will need an adequate property measurement system to show past performance so that we can get it right in the future."

The task of peeping back into the past while keeping an eye on the future fell to Mr. John Darby, chief estates surveyor to the Norwich Union (rumoured to have one or two property interests).

Mr. Darby conveyed an undisguised fondness for the old order while readily accepting the need for change and he started by making the point that, without inflation, the conference would hardly have been necessary.

Inflation, he said, had made it imperative for property investors to adjust the income arising out of their assets, hence the transformation from 99 year leases at fixed rent (yes, really) to the present, five-year review pattern which guaranteed the landlord's rental growth.

The British landlord, he went on, was now "completely spoiled" when it came to leasing patterns and he asked where else he could get a 35-year term with five-year, upward-only reviews.

Mr. Darby underlined the importance of rental growth for property investment managers and admitted that although their search was aimed at investments providing real returns, about three quarters of current rental growth merely represented inflation.

On performance measurement itself, Mr. Darby gave his approval for analysis systems, provided they were fully understood and that fund managers recognised their limitations. No amount of statistics would remove the need for an investment manager's experience. There remains, it would appear, a case for experts as well as for computers.

Swiss take Cheapside

YET ANOTHER new office scheme in the City of London seems destined to go to a foreign bank.

It is understood that Swiss Bank Corporation is about to sign a lease on the F. W. Woolworth development on the corner of Cheapside and Wood Street, EC2. Rental terms have not yet been divulged but the tenants will be paying something in the order of £20 a sq ft.

Jones, Lang and Wootton are the agents for the development and the freeholders are the F. W. Woolworth Pension Fund. There are 40,000 sq ft of net lettable office area on the first to fifth floors, above what used to be the Cheapside Woolworth store, which closed down around two years ago.

The completion date for the development is in September of this year. There was no question of a record City price for the development, given its position above the store and a main entrance at 130 Wood Street.

Under the terms of an old agreement, UDS will take the retail space on a long lease at a peppercorn rent.

● Gremlins got to last week's column. The 385,000 sq ft City office development plan mentioned, involved separate proposals by the London Commodity Exchange and Swire Group and are not associated with the planning applications submitted by Guardian Royal Exchange Assurance for the nearby Lovat Lane

BP moves into £93m 'annexe'

BRITISH PETROLEUM, which has started moving staff into Britannic House West, the 440,000 sq ft office scheme it purchased last year for £93m, reckons it might already be worth between £120m and £125m.

It is just eight months since BP purchased the freehold of the two office towers of 11 and 15 storeys, built on the former Whitbread brewery site in Chiswell Street, opposite the Barbican. Once there were fears that it could take a long time to find a tenant or a purchaser for the space but, judging by this week's reaction from the new owner, which threw open its doors to the Press, there are no regrets on the part of BP.

The 6½ acre site, redeveloped in a joint venture between Whitbread and Trafalgar House, was a speculative development and regarded as "City fringe" before BP arrived on the scene. The oil giant, however, classes its new home as merely "a new extension" to the main Britannic House city headquarters in Moor Lane, EC2.

Mr. Q. Morris, a director of BP International and, inter alia, controller of the project, reckons that where BP goes, others will follow.

The question the property market has been asking is what will happen to the space which BP is vacating? The answer is in several parts.

Longbow House, with 54,000 sq ft of net lettable area, sees BP's lease run out this November after a two-year extension: Barranquilla, the owner and the Granada group's property subsidiary, apparently intends to begin a full-scale refurbishment of the building in December.

At Spencer House, 45,060 sq ft and owned by Haslemere Estates with Friends' Provident as a joint venture, BP has a lease with 30 years to run; this will go on to the market.

Britannic House North is more complicated. It looks as if the main body of the building, 200,000 sq ft of net lettable area, will go to chartered accountants Ernst and Whinney who also happen to be BP's auditors and who were originally interested in renting one tower of BHW.

E and W could go in as a subtenant until the end of BP's present lease in 1994—"seventeen bob a foot and no reviews," sighs one observer. Alternatively, Barranquilla, again the owner, could decide to buy BP out of the balance of its lease, refurbish and deal with E and W itself on terms which might reflect the delay.

BP, meanwhile, has no doubts about the relative attractions of buying or renting. BHW apart, all the group has to point to is the £18m all-in cost of Moor Lane in 1967. Current market value is about £130m which, as Mr. Morris remarks, "is almost as good as investing in oil."

William Cochrane

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TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Fairey sells Italian robots

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A NEW name in the robot world was launched this week with the debut of Fairey Automation. Part of the Fairey group, Fairey Automation is stepping out into the uncertain waters of robotics by offering British industry a range of Italian-designed and built robots which will be developed in time with Fairey resources if the market justifies expansion.

Licensing agreements with six separate Italian manufacturers were finalised last November to form the base from which Fairey hopes to spring into a full-blown robot designer in its own right. In the meantime, this newly-formed division will concentrate on offering what it describes as "proven, cost effective automation systems and robots designed for specific applications." The applications include resistance welding, surface finishing, programmable assembly, hot and cold metal working, general handling and machining.

The service that Fairey plans to offer will include, in conjunction with the customer, the identification of the objective of installing such systems, the study of alternative systems, installation, followed by servicing and back-up, all of which require a level of expertise in applications engineering which Fairey believes it is in a position to offer.

Fairey stresses that a robot cannot simply be bought and put to work like most machine tools. The plan is to design an overall manufacturing system for a particular application, which Fairey believes is outside the scope of most manufacturing organisations.

It is an approach which is particularly necessary in the British market, which, with only a few exceptions, has yet to recognise the scope of robots.

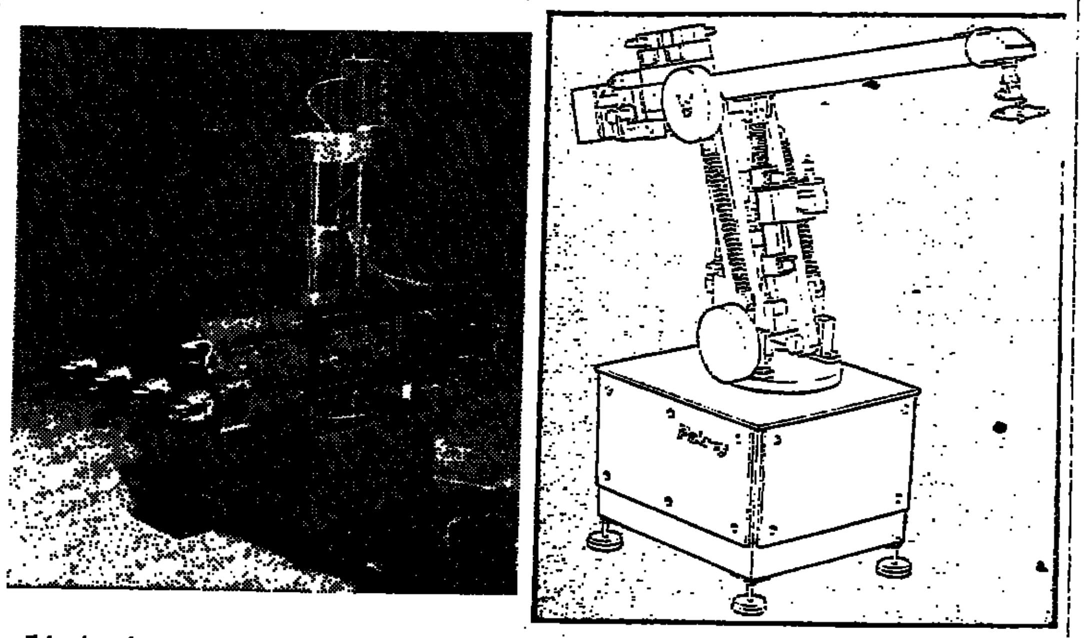
The division has been set up at the cost of around £500,000, the investment having been mainly in personnel and a new factory in Swindon where potential customers will be able to see the robots in operation. Fairey already has sufficient technical know-how on some of the Italian robots to be able to carry out its applications engineering alone, but for one or two it will be working in conjunction with the manufacturers for the next 12 to 18 months.

Fairey decided to look at the possible opportunities presented by robots three years ago. Independent studies were commissioned, and these confirmed Fairey management's preference for specialised application robots in preference to general purpose robots. It was decided that the best way to build up a presence in this infant industry was to seek licensing agreements, rather than to start from scratch, which could they be used as the as the basis of a fully developed robot manufacturing company at some time in the future.

Mr. Ian Rollo, managing director of Fairey Automation, who joined the company from Plessey, says: "It is only coincidence that each of the agreements turned out to be with Italian companies. We are talking to other manufacturers of robots, including the Japanese, which may well result in Fairey taking on other licences."

The current Fairey range consists of:

- The Jobot 10 general purpose handling robot capable of manipulating a 70 kg load within a 6-metre diameter cylindrical work field which has been designed as a self-contained unit.
- The Pragma A3000 Assembly robot which is claimed to provide a flexible and modular solution to the problems of automatic assembly, increasing the range of products which can be assembled by mechanical means on an economic basis.
- The Camel range of handling robots, covering pneumatic and hydraulic ranges for both light and heavy handling requirements, (including one which has been designed for handling hot billets in multi-die presses and another which feeds billets into induction furnaces); the Gaiotto spraying robot which is designed to repeat exactly the complex human movements involved in a spraying sequence.
- The Elfin resistance welding robot, which possesses three linear axes of movement with three further degrees of freedom provided at the wrist on which the welding gun is mounted.



Fairey's robot army includes the Camel (left) for handling hot billets in multi-die presses and the Gaiotto spraying device

One obvious gap in the specialised robot range Fairey has to offer is an arc welding robot, which it is hoped to remedy by way of a licensing agreement.

British industry's interest in robots has been notoriously sluggish so far, the UK by most accounts coming probably at the bottom of the list of the number of installed robots in industrialised countries. Current conditions are hardly calculated to get companies falling over themselves to invest in robots. But Mr. Rollo says that he will be disappointed if Fairey Automation does not build up a turnover approaching £2m over the next couple of years.

His personnel, all engineers, have been talking with a large number of companies over the past six months and he is confident that orders will be placed within the next two months.

One obvious place to start would be within the Fairey group itself, where a number of possible applications have been identified. In Japan, Italy, and France, for example, several of the companies manufacturing robots for outside sales started off making them for use within their own groups. As robots become more sophisticated, the number of possible applications increases significantly — and for Fairey to create a niche for itself in robots it will have to stay abreast of developments such as the application of tactile and visionary sense in robots.

British companies are criticised sometimes for being reluctant to buy foreign technology and exploit it. Fairey clearly has no such inhibitions, and is looking forward to the time when it will assemble and ultimately design and develop its own robots. If it is to be successful, however, it has to prove that it has the technological capability in an area which is new to the group, as well as the stamina in a climate that is far from receptive to robotics.

Diamond dust and copper mesh form a gem of an idea

"THE BIGGEST part of our earnings already come from North America but we are looking for new licencees, especially in Canada," says Mr. Derek Prowse, of the Flexible Diamond Tool Company.

Prowse is the inventor of the Queen's Award-winning technology which, he believes, makes his company the smallest to receive the accolade.

Prowse, a technologist in the diamond tool industry for about 30 years, and a consultant to De Beers for the past 12 years, has invented a way of making a remarkably versatile diamond tool.

"Like most successful inventions, it's very simple." He takes copper wire mesh and presses it into polypropylene to form a reinforced plastic with peaks poking out. Then he electroplates it with nickel.

He mounts the mesh to be plated at the bottom of the electroplating vat, and sprinkles the surface of the plating solution with diamond dust. As the diamond grit sinks it becomes co-plated and anchored firmly into the substrate of nickel.

The resulting electro-bonded tool lasts longer because it dissipates heat so well, yet is sparing in its need for diamond, says Prowse. He uses natural diamond grit, finding that its more irregular shape locks it more securely into the nickel.

His use of a strong polymer to provide a light basis for his diamond tooling offers another advantage, inasmuch as the company is introducing a colour coding for grit size. At present, it is selling three grades, coloured red, yellow and blue.

One of his best-selling tools won a Design Council award in 1978. These are pads made in the manner described, which when laid upon a former, make a lapping tool suitable for a very wide range of ophthalmic lenses.

Where, previously, about 2,000 different tool shapes were needed to span the range of lens shapes and sizes, a single one of his flexible diamond tools does the trick. One tool will grind about 200 glass lenses or about 750 plastic lenses, he claims.

Prowse's tools are used to polish the large glass-fibre mirrors for Boeing 747 flight simulators, which measure about 30 ft by 20 ft. With the sailing season beginning, he is looking for brisk sales among sailors who want to polish crazing from the hulls of glass fibre boats.

Last year Fexible Diamond Tool, of Redhill, Surrey (0737 65844) decided to strengthen its management by bringing in Mr. John Griffiths-Jones, formerly of McKinsey, as its chairman on a "substantial part-time basis": and Mr. Ken Gadsby as managing director of the company of just six.

These two, and Prowse, have put about £70,000 of their own money, which Midland Bank Venture Capital has topped up with another £60,000. The National Research Development Corporation has donated £30,000 for further development of the diamond tool technology.

How to find buried plastic pipe

THE USE of radar techniques to detect the exact location of polyethylene gas pipes underground is now being studied by staff at the Engineering Research Station of British Gas. Conventional electrical methods of detection obviously cannot be used for this purpose.

Since the first polyethylene gas main in Britain was laid in 1968, usage has grown to the point where 80 per cent of the 4,200 km of mains laid each year for new supplies or as replacements to the existing system, and 90 per cent of the services, are in this plastics material.

Ground probing radar techniques have been successfully used to detect buried non-metallic objects or geological features, including coal seams and the thickness of ice in polar regions. But British Gas engineers believe that none of them possesses the level of performance necessary to operate efficiently and accurately in the congested streets of towns and cities.

Although similar to conventional radars (whereby bursts of very high frequency electromagnetic energy are radiated from an antenna and then collected, amplified, detected and displayed) ground probing radars must operate over extremely short ranges, often much less than one metre.

The transmission medium—the ground — is also an extremely effective absorber of energy at the frequencies which must be used to obtain adequate resolution, while the antenna of a ground-probing radar leaks energy into free space which is also reflected from objects and will be detected.

These signals are usually much larger than those received from targets buried in the highly absorptive ground material, and tend to obscure them. Such unwanted signals, termed "clutter," are a serious problem in ground-probing radar.

For British Gas purposes there are four possible methods of implementing a ground-probing radar system: microwave imaging; passive microwave imaging; short - pulse radar; and frequency modulated continuous wave (FMCW), used by conventional radar altimeters.

Of these four techniques, British Gas's Engineering Research Station is actively working on short pulse and FMCW as the approaches most likely to lead to practical and efficient solutions. Progress in the other two techniques will be monitored as part of the research and development programme.

British Gas has sponsored a study of FMCW radars carried out by Queen Mary College, University of London. As a result, a prototype radar system recently underwent small-scale field trials, and the findings have increased BG's knowledge of the operational characteristics of ground probing radars.

An early step in the research programme was the use of radar probes to read and record signals from various types of ground in Britain. Sites are being investigated in both winter and summer, when soil conditions are obviously different. British Gas is also pooling its information on ground probing radar technology with other public utilities.

POINTERS

Cleaning boilers

A SYSTEM for vacuum-cleaning central-heating boilers without having to shut them down or employ expensive cleaning contractors has been developed by the Bivac division of DD Lamson (061 477 8063).

Using heat-resistant ceramic filters, the system is designed to remove fly-ash and grit at temperatures up to 1,400 deg. C while the boiler is in operation. The ash and grit are transferred by a vacuum conveyor to a sealed waste skip.

Trent Regional Health Authority is now using the system in the boiler room at Nottingham City Hospital.

Recovery crane

A SMALL recovery crane with a hydraulic unit designed to be carried by vehicles of 35 cwt to 7.5 tons gross weight, introduced by Edbro-TFL (076 77 332), has a lifting boom powered by a double-acting ram and an alternative reeving position to allow broken-down vehicles to be winched close to the recovery truck.

Power for the crane, designated T2, is supplied by an Edbro electro-hydraulic unit controlled through solenoid valves. Controls for all functions are mounted at the rear of the recovery vehicle and there is an additional wander-lead control for operating the winch. A manually-operated version of the T2 is also available.

Industrial cleaning

THE FIRST venture into the UK market for industrial vacuum cleaners by Philips Electrical's major appliances division (0422 203511) is model PRO 23, which has an 800 W motor and a galvanised steel drum of 23 litres capacity. It is mounted on three rubber-tyred wheels and the cord length is 6 metres.

It is claimed to be suitable for cleaning large carpeted or tiled floors. When reversed it will blow out a blocked waste pipe or a bonfire, says Philips. The flexible hose is of 60 mm diameter. When used for sucking up water, a floating sensor shuts off the flow when the tank is full.

مكتبة الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

More and more companies are being bought out by their managements. Ripolin, a small paint company, has just joined their ranks

A growth business

BY ALAN PIKE AND NICHOLAS LESLIE

THE MANAGERIAL revolution—the separation of ownership from control in industry—has been a widely researched topic in the study of industrial society. Now a small alternative managerial revolution is gathering pace in the opposite direction, with growing numbers of managers buying companies where they have worked as employees.

Management buyouts are not only increasing, there is evidence that an organisation taken over by its former managers stands an excellent chance of succeeding. The image of a little group of redundant managers desperately scraping together their savings to salvage an unprofitable company, only to watch it reach new levels of unprofitability a few months later, is not what management buyouts are about.

Some dead companies are best left to rest in peace. Any managers who are so unaware of why their company has collapsed will soon find out when they try to raise capital to revive it.

Positive

But many companies, or divisions of them, become potential buyouts for positive and encouraging reasons. A large company may, for example, decide to vacate a sector which does not fit its overall strategy, or may simply want to sell a profitable subsidiary to raise cash. In other cases, subsidiaries prove to be unprofitable within a large group structure, but are perfectly viable on their own.

Then again, a private business may come on to the market because a founder-owner reaches retirement age, or is struck by ill-health, and wants to realise his assets.

For those who find a solution to the daunting task of raising funds the answer will lie generally with the banks and, quite likely, the Industrial and Commercial Finance Corporation.

There are, however, some interesting subsidiary sources of funds which, if tapped successfully, can help give the revamped company a healthy start in its independent life.

Managers trying to buy their company sometimes find that financial support can be available from suppliers or customers with a strong interest in maintaining an outlet or source of supply for their own products.

During the past three years ICFC—part of Finance for Industry, which is owned by the major UK clearing banks and the Bank of England—has helped finance about 150 buyouts with loans averaging £250,000. Out of these the number of failures can be measured in single figures—very much below the mortality rate for brand new companies.

"Of course we have to look at the works and the products, but in the end it is the people who count," says Robert Smith, ICFC assistant general manager. "What are their ideas? Are they the type of people who will get out of bed at 2.00 a.m. to make a success of their business?"

This appears to be more than just glossy sales talk which is replaced by more traditional bankers' caution when the real negotiations set in. Managers who have received the corporation's support confirm that it is willing to take risks if it likes the look of the people. Equally, though, there are those who complain that the terms offered by the corporation—and others—are too steep given the risk involved.

Certainly, the chances of banks losing their money are reduced by the fact that many buyouts involve profitable companies where the management is probably more knowledgeable about its market than is the parent company management.

It is hardly surprising therefore, that more and more banks are keen to get on to the buyout bandwagon. Barclays Bank, though later than some in coming into the market, has stepped firmly in by backing Ripolin (see right) with what, by British standards, is a large amount of money.

How employees helped paint a new canvas

CONSIDER the dilemma. You are the managing director of a company which is up for sale. You want to buy it. There are, however, at least four others who want to make a bid and, for a variety of reasons, the deal must be decided by tender offers. As a director you are obliged, while making your own offer, to try to convince each of the other potential purchasers what a jolly good concern they are after.

Philip Jeffrey found himself in this position towards the end of 1980 when his company, Ripolin, a small manufacturer of paints and a retailer of decorative and other DIY products, was put on the market by a parent company newly intent on concentrating on its core business.

Since Tuesday he has been able to relax in the knowledge that his tender offer has won the day and that he has been able to complete what is a most unusual management buy-out.

One of the most unusual aspects of the path Jeffrey has taken to ownership of 31 per cent of Ripolin—the rest is now held largely by senior management and Barclays Devolopment Capital—is that less than four years ago he virtually wrote off the company as a lost cause when called in as a consultant to help sort out its difficulties.

Also significant is that the company has been hived off from a French nationalised industry; until Tuesday Ripolin was a subsidiary of the state-owned paint company of the same name.

Another unusual factor in terms of UK management buy-outs is the degree of what Americans call the "leverage" involved—that is, the level of borrowed money in relation to that put up by the management for equity. Together with his co-managers, Jeffrey is chipping in £250,000 towards a total purchase price of nearly £6m.

Jeffrey was called in to Ripolin in July 1977 after it had emerged that the company was running at an accelerating loss. This occurred after the parent company was nationalised by the French government in 1976 in order to stave off a foreign bid for it.

At a time when sales were only just about £3m, Ripolin's overdraft from Barclays Bank had risen to £1m. On his arrival Jeffrey found a company with a list of illustrious clients (its paints had long been used on Royal palaces, High Commissioners' residences overseas, and hotels such as the Savoy and Claridges) but considerable structural problems.

Manufacturing capacity was being under-utilised; retail outlets were too small and were selling the wrong range of merchandise; and expensive warehousing, taken on at the height of the UK property boom in 1972, in anticipation of a period of growth, was being used to just 8 per cent of capacity.

The range of paints produced was also far too big—3,500 different formulae, though not all in production—and there was insufficient financial management information available.

Jeffrey is reluctant to lay the blame for this at anyone's door. He says the previous management had made great efforts to put Ripolin on a new growth path but market conditions had turned sour.

The limited freedom of action of the UK company was a hang-over from its origins. It was set up in 1898 when two UK families bought a licence to market enamel paint invented by Dr. Reip, a Dutchman (Ripolin derives from Reip's name, together with the word olin, meaning "of paint").

A year later a French family bought the rights for France and its colonies. But while the French went for a mass market, the British company decided to develop a more select business in higher priced specially formulated quality products.

This situation continued right up to the early 1960s, though control of the UK company had passed to the French back in 1932 when it bought a 71 per cent stake for £20,000, the proceeds being used to buy a site in Southall, West London, to set up a manufacturing plant. In 1933, the French also bought out the original Dutch company.

Shifted

Until the late 1960s, the British Ripolin was essentially a manufacturer with a limited number of outlets supplying the trade. It shifted its stance in the early 1970s to concentrate more on retailing paints and wall coverings. But it found itself unable to respond to raw material cost increases in the wake of the 1973-74 oil price rises.

So Ripolin UK was very short of cash when Jeffrey arrived in July 1977 with an unusually powerful remit for a consultant. Finance was therefore his major priority. Though the French Government would not consider investing more funds in the UK, or making further loans, or buying out the 24 per cent minority stake, it did subsequently arrange for the Banque Nationale de Paris to take over the subsidiary's overdraft.

Jeffrey had to lay it on the line with employees—it would be their own efforts which would save the company. He undertook to create no redundancies, and he set in motion a major sales promotion through the retail outlets, quite simply to raise cash to pay the wages. He also urged everyone to contribute ideas and to seek out the statistics required to show what the exact financial and trading position of the company was.

A month after his arrival Jeffrey had to go off to finish another consultancy assignment, leaving the company to its own devices. Privately, he believed that it would probably have to close down on his return in September. But he was delighted by what he found. The sales promotion had been a success, the figures he had sought were available, as was a host of other information he needed. The response from the employees was exceptional, he says. Structurally, the company was really in no better shape, but he believed it could be rescued.

What was really needed, Jeffrey decided, was more outlets, through which a greater volume of Ripolin paints could be placed, and which would allow more use to be made of the costly warehousing. But even though a return to profits had been achieved by the end of 1977, net assets of just £300,000 was not much of a base on which to raise several million pounds to buy a chain of decorative products outlets. Nevertheless, a search was made and, eventually, Ripolin alighted on WPM Retail, a part of the Reed International paper products and publishing group, which was on the market.

WPM Retail had been making losses, but Jeffrey believed they could be eliminated quickly, and that this would enable the rest of the Ripolin group to achieve profits of around £400,000 a year. Convincing the banks of this was less easy and getting a £3.2m loan to pay for WPM—the actual price was £2.8m—was "not without difficulty," says Jeffrey.

Jeffrey promptly did a sale and leaseback deal on a large number of the 140 WPM outlets. This put him all square. But he was not out of the woods yet. He felt that while WPM served the purpose of increasing paint throughput, the average size of the outlets was not large enough

So the search for another chain began—eventually leading to the £1.26m purchase of "Budget Stores," comprising 20 units "of the right size," says Jeffrey.

While this frenetic activity was under way late last year the French parent was shifting its attitude towards the UK. In the belief that the two companies were moving apart (ironically, while the UK was becoming less specialist in paints and raising its retail profile, the French company was moving towards greater product specialisation) the parent company decided last August to seek a flotation of the subsidiary within seven years. Two months later, however, it decided instead on the more conclusive step of selling its holding as soon as possible.

The members of the successful consortium, apart from Jeffrey, include Reg Clough, the retail director, John Osorio, the manufacturing director (and a member of one of the Ripolin founding families) and David Arundale, finance director.

The original British minority shareholders have accepted paper for their holding from the new company set up to buy out Ripolin—called JACOA, the initials of the main individuals, with "A" representing "Associates." Barclays Development Capital has put up a £300,000 loan and Barclays Merchant Bank lent the consortium £3.9m.

Nicholas Leslie

Hugh Routledge

Directors in control of their own destiny (l to r): Reg Clough (retail), John Osorio (manufacturing), Philip Jeffrey (managing), and David Arundale (finance)

Quality circles bandwagon dented but accelerating

"I TOLD you so" was the reaction of several management consultants this week to the news that trade union leaders are trying to stop the activities of quality circles in Ford's UK factories.

Rather than seeing the union's decision as a body blow to the fast-rolling quality circles bandwagon in Britain, the consultants claim it is nothing more than a salutary dent.

Their response reflects more than just self-interested optimism. For one thing, they warned at the beginning of this year that Ford's double-quick programme might backfire for a number of reasons, as we reported in the series of articles "Learning from the Japanese."*

Not only that, but the bandwagon is rolling across an ever-broader range of companies and industries. Three months ago 40-45 UK-based organisations had circles either in operation or in the process of introduction; now, the number is virtually double, at about 80, with the new recruits including Lucas, Dunlop, Plessey and Rockware. And in the longer-established cases such as Rolls-Royce and ITT, the number of circles continues steadily to mount.

A further reason why Ford's circles will be relatively unmourned by some quality circle advocates is that many of them have contained both managers and shop floor employees; one of the basic premises of circles as generally practised in Japan and the West is that they should comprise only a closely-knit group of people doing similar work. To some observers, Ford's circles have seemed little different from inter-departmental project teams, which always tend to have a relatively short life.

Heart

One of the apparent reasons for the opposition of the Ford unions goes to the heart of the quality circle concept: that these small groups of employees, gathered under their supervisor or foreman, are concerned not just with improving the quality of what they do or make, but also with wider issues, pre-eminently motivation.

The unions' complaint about the motivation issue does not mean "they want their members to be demotivated," as one disgruntled manager complained this week. Instead, the unions seem to be suggesting that quality circles should have been introduced only as part of the formally negotiated conditions, practices and standards of work which are contained in the company's jointly-agreed "Blue Book."

To this, management would retort that circles have nothing to do with conditions of employment; it certainly considers that the unions' opposition rests partly on suspicion that they were being by-passed by the company's construction of a direct bridgehead with employees—something almost any management will insist it has a perfect right to do.

But why should Ford's UK circles programme founder on union opposition, if other companies—including Ford's Continental subsidiaries—have won formal or tacit union acceptance, and if it is middle management which has generally proved a more serious obstacle?

One answer, of course, is the widely varying labour relations climate in different countries, companies and sites. But another may be the consultants' main concern, namely the speed with which Ford was introducing in the UK a concept which relies for its effectiveness on voluntary membership and careful training: by late January, little over a year after the programme began, Ford was claiming 230 circles in Britain, with another 230 on the Continent.

Since circles rely on a climate of consultation and co-operation between management and the shop floor, the concept has to be given a particularly "soft sell" in workplaces, like the motor industry in Britain, where the traditional relationship is one of confrontation. Having seen how circles have benefited its arch-rivals in Japan, however, Ford may have promoted the concept too forcefully.

An additional problem was that, though the company tried to avoid linking circles with its tough "After Japan" programme, this distinction was bound to become blurred in people's minds.

The "After Japan" programme involves far-reaching proposals for more efficient working practices and productivity improvements, and is associated with plans to achieve possible manning reductions of more than 25,000 in Ford's 70,000-strong UK labour force over the next five years. At every stage, Ford has pointed to Japanese manning levels, working practices and quality standards as the sort of targets it is trying to achieve.

Since the unions have offered to discuss possible alternative mechanisms to involve employees in improving "first-time quality"—thereby reducing the need for repeated inspections and rectification procedures—it is possible that Ford's UK quality circle programme will survive, though probably in an amended form and possibly under another name. But it is equally possible that, like many other well-meaning aids to motivation and performance in the British motor industry, it will be caught in the icy grip of well-nigh continuous confrontation.

* *"Learning from the Japanese," a booklet containing reprints of the FT series on quality circles and product quality, together with other articles, is now available from Diana Twaites of the FT Publicity Department. Price £2 incl. p and p. Payment to be enclosed with order.*

Christopher Lorenz

LOMBARD

Much too early to cheer

BY ANATOLE KALETSKY

"SIGNS OF sunshine!" chortled the banner headline in last Friday's Evening Standard, above a story about "Treasury optimism as the stock market notches up another record high." Apart from the new record hit by the FT index, the basis for this story, which was repeated in similar tones in most other popular newspapers, was a speech by the beaming Chief Secretary to the Treasury, Mr. Leon Brittan which, though it was mildly worded, seems to have been the culmination of a careful campaign by Government ministers to rebuild economic confidence after the Budget.

Euphoria

There is nothing wrong with Ministers trying to create confidence. Indeed one of the strongest accusations that can be levelled against the Thatcher Government so far is that it has at times appeared to be deliberately spreading gloom and thus undermining investment and exports efforts in its determination to prove to the nation that it was being tough. However, there is something distinctly suspicious about the almost untrammelled euphoria that has infected Britain in the past few weeks.

In fact, the official "leading indicators" which are at the moment the only explanation for the new optimism rooted in actual facts and figures, have been subjected to widespread criticism because they depend so heavily on stock market movements. But it is still not sufficiently understood how little confidence the indicators provide about the timing of the upturn.

If pre-1973 relationships still held good (and since the 1973 oil crisis, most economic relationships have not held good) and the real economy started recovering between seven and 21 months after the turn in the longer leading indicator, the bottom of the recession would be somewhere between June, 1980 and August, 1981. But it is by no means certain that the real turning point in the indicator actually occurred in November 1979. The slight upturn in the indicator after the 1979 mini-Budget was followed by a fall and another trough in May, 1980. If that turns out to have been the "true" trough, then even on the basis of past relationships the bottom of the recession may not be reached until January, 1982.

But matters are actually much more uncertain than this. Before November 1979 there had already been two other apparent troughs in the long term indicator: in the last quarter of 1978 and the second quarter of 1976. Neither of these reflected a cycle in economic activity within the period of seven to 21 months that might have been expected. Instead, the economy showed fairly steady growth throughout the four year period between mid-1975 and mid-1979. There had been no previous experience of such a sustained economic upturn and the troughs of 1976 and 1978 in the long-term indicator have had to be discounted as statistical anomalies.

Cycles

If one insists on looking back at cycles before 1973-75, there is still worse news to come. The declining leg of a cycle is normally considerably longer than the upward leg. Thus, extrapolating from past cyclical experience, as Mr. Brittan did last week, one would expect the trough in the real economy to occur more than four years after May 1979, which was the last peak: that is summer 1983 at the earliest.

Why then all the euphoria? Ministers, perhaps, are swayed by the need to bolster public opinion ahead of the coming local Government elections. But surely this cannot account for the sudden change in the tone of businessmen's statements in recent weeks, which cannot be a reflection of similar motives. Unfortunately, both the earlier moaning about the wholesale destruction of British industry and the inexplicable switch in sentiment probably reflects a more familiar aspect of the British sickness. Managers inside of British industry do not seem to know enough about what is happening to their own companies from month to month, never mind being able to predict and plan their future development.

A curiously divided peninsula

AROUND BRITAIN

THE WIRRAL

THE WIRRAL is a curiously divided peninsula. The east, across the Mersey from Liverpool, is heavily industrialised, shipyards jostling with docks and chemical works.

The west, facing the Dee and the magnificent mountains of North Wales, is very residential. Golf courses mingle with large, stone-built Victorian houses set in even larger gardens.

It is from here, from Hoylake and West Kirby and Heswall, that the commuters in their thousands travel to offices in Liverpool, by-passing Birkenhead and Wallasey and Tranmere. Some of them make for Manchester, a few even manage the journey to Londoon (£47.20 first-class return) but the vast majority simply cross the Mersey.

Boundaries

The M53, running north-south, divides residential from industrial Wirral. The road, now linked continuously to the rest of the motorway system with the final section of the M56 around Stanlow having just been opened, has done much to boost the industrial prospects of the peninsula.

The east-west division, separating the big houses from the big works, is only one boundary that can be drawn. There is also a north-south division because the top part is administered by the Wirral District Council, a constituent of Merseyside County Council, while the bottom is in Cheshire.

The consequence is that while Vauxhall at Ellesmere Port, the UK Atomic Energy Authority at Capenhurst and Shell's plants at Stanlow are in Cheshire, Unilever, Squibb, Cammell Laird and the Mersey Docks and Harbour Company are all in Merseyside. It would not be surprising to discover the Wirral suffered from some form of schizophrenia.

Economically, the links are with Liverpool, one of the reasons which no doubt influenced the planners in 1974 when they decided to take the northern half of the peninsula out of Cheshire and put it in the new metropolitan county of Merseyside. Its rate of unemployment, for instance, is around 12 per cent, rather lower than the county's, but it faces the same problem of trying to attract in new industry.

The core industrial area is Birkenhead and its docks, which like those across the Mersey, have been run down. But it remains the home of some 200 small firms and there is evidence that in this sector there is still a lot of growth.

The problem is land, though the eventual assumption by the new Merseyside Development Corporation of some of the land around the entrance to the docks may help release some for new building. Elsewhere, the council has very little, perhaps no more than 60 acres and most of those in small sites.

The council was mildly surprised, and pleasantly pleased last year when a development of 31 units in Birkenhead, averaging around 1,000 sq ft each, was quickly snapped up. But because of cut-backs by the Government its programme this year will be limited to about 6,000 sq ft.

However, English Industrial Estates, the Government's factory building arm, is putting up nursery units and some larger advance factories and there are 600 acres of land available within the private sector to compensate for the shortage in the public side.

It is fortunate for the Wirral that Unilever, the dominant local employer, has a number of imaginative projects in hand, enabling Wirral council to spend its inner area programme authority money, amounting to approximately £2.6m this year, primarily on economic activity and only secondarily on environmental improvement. Without Unilever's help it might have had to reverse those priorities.

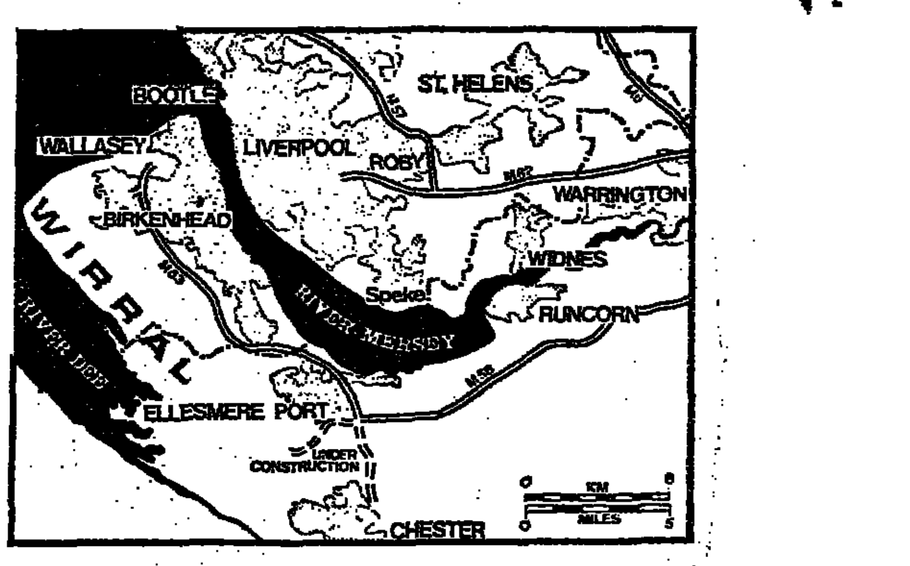
Unilever has about 150 acres of land at its Bromborough Port Industrial Estate and it is now seeking buyers for this space. Some of these plots are available in lots of up to 48 acres.

The importance of the Unilever connection is that it offers virtually a complete development package. The estate is fully serviced and Unilever also has its own power station for potential clients. BXL, the plastics producer, has already moved in, from a cramped site in Liverpool, in a £40m expansion.

Partnership

Unilever has also helped in another direction, through setting up In Business as a company to assist the promotion and establishment of small firms.

In Business is a partnership between the company, the council and Wirral Chamber of Commerce. Unilever is meeting the costs of the project, estimated at £50,000 this year, and one of its executives, Paul Farrow, moved across to the embryonic organisation as general manager.



To establish its independent nature the council found premises in a disused school in the centre of Birkenhead, which will be used not just as a base for Mr. Farrow but also as offices for small firms wanting somewhere to operate from initially.

Premises, according to Mr. Farrow, are one of the main problems facing start-up operations and he intends to have 10 rooms available for newcomers.

"English Industrial Estates is good at providing factory units," he says, "but hardly anyone is thinking about the person who wants an office. We intend to provide a short-term home for these people until they can find a base of their own."

This part of the North West has strong links between industry and local authority. ICI is involved with Business Link at Runcorn and Pilkington Brothers with the St. Helens Trust. Mr. Farrow says that In Business will be different because each organisation has to cater for the specific needs of its own locality.

The Wirral also hopes that it might be able to set up a science park on the lines of the one developed by Warrington at Birchwood. And it is confident that Birkenhead can become the leading west coast on-shore supply base for the Morecambe Bay gas field.

These are both longer-term ventures than In Business but they do, at least, reflect the Wirral's confidence in its future.

Henbit returns to the fray

RACING

DOMINIC WIGAN

THERE is no classic race at Newmarket today. But no one could deny that the Suffolk course is staging a programme of the highest calibre.

The gallant Derby winner Henbit is appearing in the afternoon's most valuable race, the Jockey Club Cup, plus Blue Riband runner up and third, Master Willie and Ranking.

In addition, the Playboy Pretty Polly Stakes has attracted Fabulous Salt, a high class Oaks prospect.

Dick Hearn and Willie Carson combined to win last year's Jockey Club Stakes with More Light. They seem cautiously optimistic that Henbit, now thought to be back to his best, can win this time.

If West Ilsley reports of Henbit's condition are correct there is no reason why he should not cope with Master Willie.

At Epsom last June Henbit reached the post with three quarters of a length in hand of Master Willie. That was in spite of having forfeited ground through wandering, after sustaining a cracked off-fore cannon bone.

Forecast backers might be better advised to settle for the race set Rankin, who finished 1½ lengths behind Master Willie. The Pulborough four-year-old meets Henbit and Master Willie on 5lb more favourable terms than when they clashed at Epsom.

Michael Stout's high opinion of Fabulous Salt was fully vindicated when the American-bred filly produced a smart performance to account for the more experienced Wilderness in Kempton's Masaka Stakes. It will be disappointing if Walter Swinburn's mount cannot follow up in the Playboy Pretty Polly Stakes.

Fabulous Salt, a 20-1 chance to give Stoute his second success in the Oaks, may again be chased home by Wilderness.

Age Quod Agis worked disappointingly at Newmarket yesterday and he will not now take his chance in tomorrow's 2,000 Guineas for which he was a 25-1 chance.

His absence has left the way clear for Lester Piggot to pick up the plum "spare" ride on Kind of Hush.

NEWMARKET

2.00—Syboda
2.30—Sharp End*
3.00—Fabulous Salt***
3.30—Henbit
4.05—Algardi
4.40—Melon Patch**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45-2.00 Mr. Benn. 3.25 Trem. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Captain Caveman. 4.30 Jigsaw. 4.55 Newsround Extra. 5.05 Rentaghost. 5.35 The Amazing Adventures of Morph.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 A Question of Sport.
7.30 Des O'Connor Tonight.
8.20 The Nightmare Man.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 London—Issues and Answers (London and South East only).
10.45 News Headlines.
10.50 Amateur Boxing.
11.50 The Late Film: "Lovers and Other Strangers."

All Regions as BBC 1 except as follows:

Cymru/Wales—1.45-2.00 pm O Dan Y Mor. 5.05 Gari Gylifer. 5.25-5.40 Plant Y Gofod. 5.55 Wales Today. 6.15-6.20 Party Political Broadcast on behalf of Plaid Cymru. 7.00 Heddiw. 7.25 Trem: Gem Yn Y Gwymon. 7.50-8.20 Terry and June. 10.15 Music Makers: Gwyneth Jones. 11.05 News for Wales. 11.06 Join BBC 1 Amateur Boxing.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden Special. 10.45-10.50 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland, National News. 1.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West ham (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend; Midlands (Birmingham)—Weekly Echo; North (Leeds)—Success Story; North East (Newcastle)—Comeback; North West (Manchester)—Home Ground; South (Southampton—The All-British Country Music Special; South West (Plymouth)—Newswatch; West (Bristol)—The Wurzels.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Junior Pot Black.
7.40 Mid-Evening News.
7.50 Impressions.
8.00 Gardeners' World.
8.25 Universities Challenged.
9.00 Call My Bluff.
9.30 Playhouse.
10.30 Tex Avery Double Bill.
10.45 Newsnight.
†11.30 The Outer Limits.

BBC 2 Wales Only—12.25-12.30 am A Party Political Broadcast on behalf of Plaid Cymru.

LONDON

9.30 am Nature of Things. 9.55 Patterns. 10.20 "Battle Beneath The Earth" starring Kerwin Mathews. 11.50 David Hand Cartoon. 12.00 The Magic Ball. 12.10 pm Once Upon A Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.25 Racing. 3.45 Superstar Profile. 4.15 Five Magic Minutes. 4.20 The Adventures of Black Beauty. 4.45 Freetime. 5.15 Clapperboard.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Sale of the Century.
7.30 The Incredible Hulk.
8.30 The Other 'Arf.
9.00 The Clive James Paris Fashion Show.
10.00 News.
10.30 Benson.
11.00 The London Programme.
11.35 Have Girls Will Travel.
12.30 pm Close: Personal Choice with Sir Frederick Catherwood.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Pavilion Folk. 10.00 Cities. 10.50 Poetry of Landscape. 11.05 Star Parade. 11.50 The Bubblies. 1.20 pm Anglia News. 2.00 Houseparty. 3.45 The Entertainers. 6.00 About Anglia. 7.30 Vegas. 10.30 WKRP. 11.00 Members Only. 11.40 Friday Late Film: "Pendulum." 1.30 am Your Choice.

ATV

9.36 am George Hamilton IV. 10.00 Bailey's Bird. 10.25 Wild, Wild World of Animals. 10.45 Stars on Ice. 11.10 Circus. 1.20 pm ATV News. 3.45 In Search Of. . . . 6.00 ATV Today. 7.30 Vegas. 10.30 Soap. 11.00 ATV News. 11.05 The Gunfighters: "Chuka," starring Rod Taylor.

BORDER

9.35 am The Coral World. 10.25 Morning Cinema: "The Lone Ranger and the Lost City of Gold." 11.45 Larry the Lamb. 1.20 pm Border News. 3.45 Wild, Wild World of Animals. 6.00 Lookaround Friday. 6.30 Out of Town. 7.30 Vegas. 10.30 Summersport. 11.00 Soap. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 6.30 All That Jazz. 6.55 What's On Where. 7.30 Vegas. 10.28 Chanel Late News. 10.36 Soap. 11.05 Qunicy. 12.00 News and Weather in French.

GRAMPIAN

10.05 am First Thing. 10.10 Larry the Lamb in Toytown. 10.20 Wild, Wild World of Animals. 10.40 Spiderman. 11.10 Chopper Squad. 11.55 Cartoon Time. 1.20 pm North News. 3.45 Target the Impossible. 6.00 North Tonight including Sportscall. 7.30 Vegas. 10.30 Points North. 11.30 Police Surgeon. 12.00 Seachd Laithean. 12.15 am North Headlines, Road Report.

GRANADA

9.30 am Wildlife in Crisis. 9.50 The Flintstones. 10.15 Chopper Squad. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 The Practice. 6.00 Granada Reports. 6.30 Kick Off. 7.30 Vegas. 10.30 A Week on Friday. 11.00 Soap. 11.30 After all That, This. 11.40 For Adults Only: "Pendulum."

HTV

9.45 am Survival. 10.10 Stars On Ice. 10.35 Beachcombers. 11.00 Sesame Street. 1.20 pm HTV News 2.00 Houseparty. 3.45 The Practice. 6.00 Report West. 6.30 Welcome Back Kotter. 7.30 Vegas. 10.28 HTV News. 10.35 Master of the Beaufort. 11.05 Soap. 11.35 Danger UXB.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 PA Mor Hen Yw Hen? 6.00 Y Dydd. 6.12 Report Wales. 6.25 Welcome Back Kotter 6.55-7.00 Political Broadcast on Behalf of Plaid Cymru. 10.35-11.05 Outlook.

SCOTTISH

9.55 am Al Deming—Man of the North. 10.20 World Worth Keeping. 10.45 Story Hour. 11.35 Sparrowhawk 1.20 pm News Headlines and Road Report. 1.30 In Loving Memory. 3.45 Andy's Party. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. †11.05 Movies Through Midnight: "The Moonlighter."

SOUTHERN

9.30 am Kum Kum. 9.55 Patterns. 10.20 "Carry On Admiral." 11.45 Cartoon Time. 1.20 pm Southern News. 2.00 Houseparty. 3.45 The Story of Wine. 5.15 Mr. and Mrs. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Survival. 7.30 Charlie's Angels. 10.35 Acme Acting. 11.05 Soap. 11.35 The Late, Late Premiere: "Flaming Hearts."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Survival. 9.55 Flower Stories. 10.10 Call It Macaroni. 10.35 Jabberjaws. †10.55 Laurel and Hardy. 11.25 Friends of My Friends. 1.20 pm North East News and Lookaround. 3.45 Last of the Wild. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 Vegas. 10.30 North East News. 10.32 Film of the Week: "Pendulum." 12.15 am Countryside Christian.

ULSTER

10.35 am Untamed World. 11.00 Little House on the Prairie. 1.20 pm Lunchtime. 3.45 Andy's Party. 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Vegas. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Benson. 11.35 Bedtime.

WESTWARD

9.30 am Cartoontime. 9.45 Call It Macaroni. 10.10 Sesame Street. 11.10 Bailey's Bird. 11.35 Target the Impossible. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Vegas. 10.32 Westward Late News. 10.36 Soap. 11.05 Quincy. 12.00 Faith For Life. 12.05 am West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. †9.55 Hopalong Cassidy. 11.00 Byegones. 11.30 Wild, Wild World of Animals. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 3.45 Andy's Party. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Love Thy Neighbour. 11.00 Floodlit Crown Green Bowling. 11.30 Lou Grant.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

RADIO 2

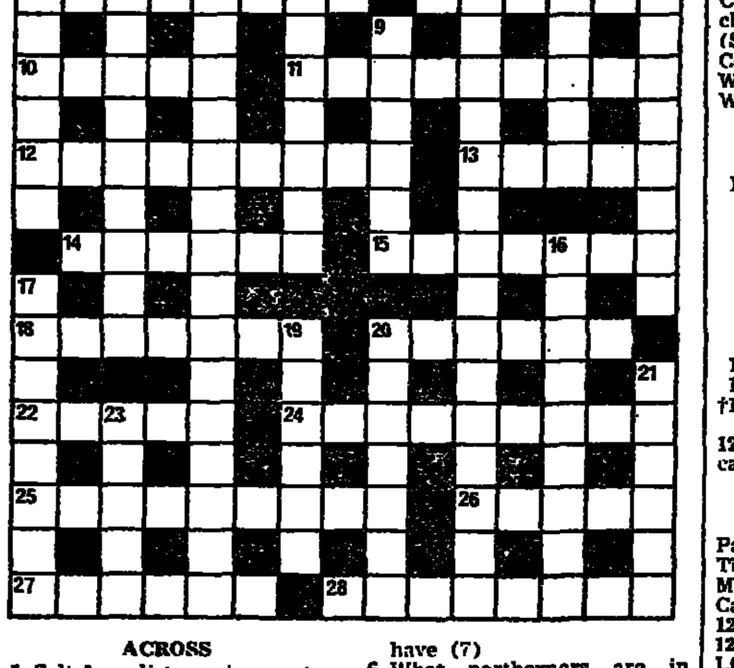
RADIO 3

RADIO 4

BBC Radio London

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,558



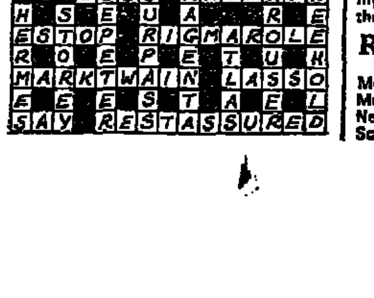
ACROSS

1 Salt from listener in country (8)
5 Kidnap sailor going to channel (6)
10 A place for tail-less insect (5)
11 Advertising a venture in show business (9)
12 Sign of Mediterranean island grain (9)
13 Live in a small valley around the west (5)
14 Ring a little seal (6)
15 Cure a thirsty sailor (3-4)
18 Bridge or another card game (7)
20 Occur perhaps in the north (6)
22 Estimate it's the same both ways (5)
24 Herb containing Teutonic article (9)
25 Equal to a medicine induced by external stimulus (9)
26 Moisten and tinge deeply (5)
27 Type of hole that often needs a lace (6)
28 Antler-like growth in wood (4-4)

DOWN

1 Thus add strong spirit for comfort (6)
2 Objection in offence (9)
3 A dangerous game with just one in a chamber (7, 8)
4 Broach a source that carrots have (7)
6 What northerners are in general (7, 8)
7 Join a group of soldiers going to the east (5)
8 Money on race for making food containers? (3-5)
9 Company in edition made money (6)
16 A repair capable of being improved (9)
17 Fruit dessert produced in bed? (5-3)
19 Horse with two articles and a disease it may contract (6)
20 Bean added to a rich mixture? (7)
21 Colleague cooked around pole (6)
23 Line of metre from overseer (5)

Solution to puzzle No. 4,557



ENTERTAINMENT GUIDE

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THE ARTS

Cinema

Numb Feelings by NIGEL ANDREWS

Sunday Daughters (AA) Gate 2
A Change of Seasons (AA) Warner West End
Head Over Heels (A) Screen on the Hill
Charlie Chan and the Curse of the Dragon Queen (A) Studio Oxford Street and Classic Haymarket

Last week we were regaled with teenage teething troubles out West in *Foxes*. This week, teenage teething troubles take a dive behind the Iron Curtain with Janos Rosza's haunting and powerful *Sunday Daughters* from Hungary: wherein the Warsaw Pact's answer to Jodie Foster, black-haired Julianna Nyako with Botticelli mouth and broken noble-Roman nose, stars as a 16-year-old juvenile delinquent regularly given to extending her remand-home sentence for petty theft by attempts at escape.

We watch her life at the home, with its dour supervisors and bawdy-buoyant fellow-inmates; we watch her truant love-affair with the son of a lady Party worker who offers her brief home and shelter; and we watch her doomed resilience as shades of the remand-home (is it Hungary itself?) close around the growing girl.

Films that issue from behind the Iron Curtain are often seized and scrutinised with a giant microscope by Western critics, who seek the joyful germ of subversion beneath the plain and sanguine Party-line surface. But the *caveat* in this procedure is that no movies as deeply in thrall to state finance as those in Eastern Europe are ever likely to be a whooping Hosanna for Western-style democracy. The most one can expect is a stray discord in the *harmony, a fleeting bacillus of* revolt in the bloodstream.

Rosza's film has more of these than most. His gently lyrical style as a movie-maker, etching faces with silvery light like Gabor's *Angi Vera*, is so soft-grained for most of its length that you're almost lulled into not noticing the rough edges when they scratch you. And indeed that nirvana of numbed feeling is what the film is *about*. With its drift-like rhythm, it takes in some outrageous scenes—not least a night party where the girls, bizarrely spurred on by drink and music, slash their wrists in a communal suicide attempt—and makes them seem part *of life's slow-beat*, predetermined mainstream.

Julianna Nyako's bleakly beautiful heroine moves through her alternating life of internment and flight—now skulking in the dormitory as her schoolmates rag and bully her, now playing for time as she finds truant refuge with a friend or relative outside—with a pout-mouthed, lazy-lidded passivity that starts by seeming like sullenness but gradually grows on you as a kind of pride: pride in *not* offering her persecutors the compliment of outright revolt.

Obviously the remand-home, with its protocol and Thou-Shalt-Nots and barbed-wire-topped walls, can be seen as a symbol of Hungary itself or the Communist bloc as a whole. But the symbol is so stand-up-and-beg that it never seems the real key to the movie's power. What is daring and unique in the film is Rosza's refusal to moralise. No "progress," no earning process takes place it's a movie about stasis and it uses stasis, with infinitely subtle inflections of hope and despair, as its style. Go and see it. It's a film that steals into your mind by stealth not show, and once inside it stays there.

Anthony Hopkins is an odd actor. His head, with its mannered bobbings and weavings, is so loose on his body that it often seems in danger of falling off, and *his voice is all* sudden clotted consonants and sibilants, as if he'd had his vowels stolen on the way to the studio. In *Magic* he played a ventriloquist "possessed" by his dummy and the role still seems to be with him in *A Change of Seasons*. Here he plays, as if operated by a hand up the vertebrae, "Adam Evans"; a tousle-haired, fortyish, married university professor dallying menopausally with dream-dymph student Bo Derek (of "*10*") and rendered speechless when he discovers one day that his wife Shirley MacLaine has taken revenge by an extra-nubial dalliance with an Epicurean young bookshelf-fitter (Michael Brandon).

Ah, the tangled webs we weave! And 'ere long, giving up any hope of deceiving, the two amorous pairs have teamed up and whisked themselves off to Mr. and Mrs. Hopkins's snowy winter chalet for a long weekend. And they don't come any longer. Erich Segal, erstwhile begetter of *Love Story*, was among the bevy of pens who scripted this perspicuously silly film, which begins as a kind of up-market *Campus Wives* and ends—with doors opening and slamming as the chalet *à quatre* is invaded by *cinq, six et sept* (Miss Derek's father, Mr. Hopkins's daughter and her boyfriend)—like a Whitehall farce horribly spirited to Vermont.

Something is trying to be said about the sexual requirements of the two sexes after middle-age has set on. "Our needs," says Hopkins of male desire, "are more baroque." Miss MacLaine, unimpressed, slips into *something more* comfortable and seduces her bookshelf salesman. Occasionally the soundtrack erupts into a ghastly ditty scored by Henry Manchini — "Ordinary people live / Extraordinary lives!"—but more often it echoes to rent-a-bromide dialogue with which only the eccentric Mr. Hopkins, head bobbing and consonants colliding, has any winning way at all.

Oh, for a draught of the true, the blushful Hopkins in *Head Over Heels!* Joan Micklin Silver's delicate, wan films have hinted at insubstantiality before *(Silver Street, Between The Lines)*, but her latest opus practically evaporates before our eyes. What we catch before it does so is the evolution of a winsome-go-kooky love affair between John Heard, who played Jack Kerouac in *Heartbeat* (and lost), and Mary Beth Hopkins's daughter and hed boy-

Julianna Nyoko and lover in Sunday Daughters

Hurt, who was the daughter in

Miss Hurt is a married young career-lady and Mr. Heard an unmarried young Bohemian who nurses for her a flame that will not die. This amorous pilot-light keeps medium-warm and sputtering hopefully an etiolated comedy-romance that resembles nothing so much as an early Paul Mazursky film filleted of the jokes. Under the influence of Miss Silver's mooning camera, the film is old-fashioned without charm, picaresque without movement or purpose. Only Gloria Grahame as Heard's suicide-prone, peroxide-blonde Mum swans through trailing brief clouds of Hollywood glory, and gamely pretending to make a meal of her lines while biting off considerably less than she can chew.

★

But why suffer through the half-cock longueurs of *Head Over Heels* when, for a few dolours more, you can endure the fully-fledged agony of watching *Charlie Chan and the Curse of the Dragon Queen?* The impact of this film resembles a thump over the head with a bowl of cold chop suey. Peter Ustinov, delivers Ming Dynasty miaows and strangled semi-quavers as the Oriental gum-shoe, hitherto inhabited by such as Warner Oland and J. Carrol Naish, and Angie Dickinson is the *haute couture* villainness romping thoughtfully through a film that tries and fails to be a funny spoof on those Saturday-matinee classics of yesteryear.

The plot's pathetic burdy-gurdy of hoary half-jokes is cranked round unmellifluously by director Clive Donner, who one thought had already demonstrated to everyone's satisfaction his lack of flair for wacky, off-the-wall comedy with *What's New Pussycat?*, and Lee Grant, Roddy McDowell and Lee Grant are also on hand to duffer through the marathon of misfiring mirth.

Avoid the curse.

Sadler's Wells

Cosi fan Tutte

by DAVID MURRAY

The Kent Opera Treatment of Mozart's *Cosi fan tutte* (in English) is astringent indeed, and some wil find its repeated dashes of cold water altogether too dampening. I loved it; that *is to* say, I found it wonderfully bracing with its provocative leanness, its determination to accept nothing uncritically from the recent performing tradition. but the considered shocks it It is nobody's "ideal" *Cosi* administers are salutary even when — like all good artistic correctives — they go too far. The great thing is that the Kent version, narrow-focus and one-sided though it may be, imposes nothing from the outside, but draws strictly from the opera itself; and it remains funny and affecting in most of the right places.

The single set—a wall, two doors, three seats—looks cruelly spare: no comic props, no eye-catching vistas. *(Neither* a garden nor a wedding-feast is feasible, and a joke is neatly made of pretending that they ar cjust offstage.) In fact this is the one Mozart opera in which *no* stage paraphernalia actually figures in the action, beyond Despina's magnet: point taken. The six characters must carry everything, and Jonathan Miller allots them no extra comic business; there is, however, most careful attention to their interplay. The formal symmetries of music and action are spelled out on stage, but by palpably real people. It is the least winsome *Cosi* that I have ever seen.

The sisters—attractive, not too bright, frivolous but never coy—are *Catherine* McCord (much power, curious timbre like certain between-the-wars Italian sopranos, short-breathed in "Per pietà") and Margaret Cable (too tame for "Smanie implacabile" but otherwise an excellently musical Dorabella). The Ferrando, Neil Jenkins, offers a brisk "Un-aura amorosa" that is ardent instead of conventionally rapt; William Shimell lends his warm baritone to Guglielmo. Anne Pashley's Despina is an intelligent slattern (though her dreadful "funny voice" for the Notary spoils Mozart's joke, which is that the Notary's steady, monotonous drone drives the orchestra to wild marginal fancies). Alan Watt's Don Alfonso is neither a Svengali nor a chubby uncle, but a sensible chap who makes a good bet on a practical proposition and means to win it.

The score has no sensuous richness in Roger Norrington's hands, but much linear elegance. The strings are few and very pointed, not a sumptuous modern spread; the winds stand out with what must have been their original prominence. The tempi are often very disconcerting: the farewell quintet is taken meltingly, for example (and its sentiments are not guyed on stage), but followed by an up-tempo "Soave il vento" that casts no melancholy shadows at all: I must say that where Norrington is speediest, the instrumental writing frequently sounds period-natural against all one's preconceptions—though he certainly allows some recitatives to lag unidiomatically. In all this there is bolder, fresher reconsideration of a masterpiece than in a hundred respectfully titivated productions.

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New Theatre, Cardiff

The Greek Passion

by RONALD CRICHTON

Welsh National Opera's production of Martinu's *The Greek Passion*, seen at Cardiff on Wednesday, is the latest addition to their long list of remarkable achievements. Martinu's last opera, which he did not live to see performed, is an uneven, sometimes puzzling work, swinging erratically from good to less good and back again, often moving and imaginative, finally impressive in spite of weaknesses. The audience was held by the work itself as well as by the excellent performance, conducted by the ever more effective champion of Czech music, Sir Charles Mackerras, designed by John Gunter (sets) and Sally Gardner (costumes), produced by Michael Geliot right back in form.

The cosmopolitan Martinu remained Czech as heart as the much-travelled Kazantzakis, on whose novel *Christ recrucified* the opera is based, remained Greek. Martinu is said to have immersed himself in Orthodox church and Greek folk music. The first shows in some of the choral writing, the second hardly at all. Suggestions of folk music are not lacking, but they mostly point to places further North. As the composer admitted, *The Greek Passion* is a Czech opera. The events could have happened (the time is the early part of this century) in any isolated Christian community in Central Europe or the Near East.

A village engaged in the preparation of a Passion Play is peacefully but disturbingly invaded by an uprooted community sharing their language, in flight from oppression. There is no need for specific or conventional local colour in the music. As for the visual side, the sets most successfully invoke, not the classical or maritime Greece of travel posters, but the stony, mountainous reality of the barren parts of the interior. The peudo-naif drop curtain, on the other hand, is a mistake.

Two trains of events are set in motion. The villagers undertaking the major Biblical roles—Christ, Peter, Judas, Mary Magdalen—become possessed by them with disconcerting results, but are also strengthened in their opposition to the generally un-Christian hostility to the refugees. Martinu as librettist, working from Jonathan Griffin's English translation of the novel, was defeated by the material. The premiere (Zurich, 1961) was given in German. For WNO Brian Large has made a new English revision, but the libretto remains a fine old muddle, a series of incidents inexpertly cobbled together with an unfinished air and two short spoken scenes for which no music appears to have been written.

Martinu the composer is a different matter. In a way the episodic manner reflects his magpie style. *The Greek Passion* neither seeks nor needs the ambivalent charm and kingfisher colours of *Julietta*, to which the New Opera Company and the ENO introduced us. In the later work he jumps with a kind of foxy naiveté from style to style, mood to mood. There are things that ought to work but don't (the confrontation of the two priests) and others that deserve not to work but do so (the off-stage accordeon). One curious feature of this holy ragbag of a score is the use of Bartokian washes of insect-like sound, intentionally or not very suggestive of sun-baked, rocky land.

Three times — in the arrival of the refugees, in the troubled dream of Manolios the shepherd (beautifully realised with hovering cut-out angels casting shadows like Karagheoz silhouettes) and at the end of Act three when the presence of Christ is divined — Martinu achieves a genuine sense of strangeness with simple, even flimsy means. There are, too, pages of pious Mussorgsky-and-water and slack-tensioned Janacek (as well as one lyrical theme connected with the Magdalen-figure, worthy of Janacek). The end of the opera is typical of the whole: a choral ensemble of noble restraint shading off into a general Amen which doesn't quite escape banality.

Grigrois the village priest, who opposes both the refugees and those members of his flock who show Christian charity, is a one-dimensional character, at least in the opera. Richard Van Allan plays him with abrasive dignity. Fotis, the refugees' priest, is a sympathetic role for the tall, emaciated Geoffrey Moses. Manolios the shepherd, who plays Jesus and is killed by the Judas on behalf of their fellow-villagers, is finely sung by John Mitchinson, overflowing with burly, intuitive goodness. There are keen portraits by Arthur Davies as Yannakos-Peter, Richard Morton as *Panais-Judas*, Philip Joll as Kostandis-James.

The women soloists make less convincing Greek villagers than the men. Nevertheless Helen Field as Katerina-Magdalen grows in conviction throughout the evening. It was odd of Martinu, in the late fifties, to cast a soprano as the young shepherd Nikolios, who ravishes his girl on the stage and is later seen as her bridegroom at their wedding-feast. Catherine Savory manages the part with spirit and tact. Rita Cullis is the bride, Lenio.

The stressing of some of the names, incidentally, sounds more Czech than Greek. The WNO chorus, divided into villagers and refugees but combining for two big ensembles, is as fine as one would expect. After the present Cardiff season *The Greek Passion* will be given during the company's visits to Bristol, Coventry and Llandudno. It should not be missed.

Wigmore Hall

Yvonne Kenny by ANDREW CLEMENTS

The Australian soprano Yvonne Kenny was accompanied for her highly accomplished Wigmore Hall recital on Wednesday by Geoffrey Parsons. That Miss Kenny is already highly regarded within the profession was signalled by the remarkable density of singers in the audience, not just older pedagogues but her peers. The programme also had a pleasing lack of predictability, the first half consisted of Schubert, Schumann and Mahler, but the selection of songs was unhackneyed, even when items from *Das knaben Wunderhorn* were included.

Yet for all the charm and polish these songs evinced, there were still signs that Miss Kenny has yet to find her poise in the mainstream of the German *lied* as confidently as she later proved she has in other fields. The Schubert and Schumann groups *were* carefully chosen, but confined themselves to a well-defined area of feeling, essentially miniaturist, and lightweight. When further intensity was demanded the voice, elsewhere so well balanced, developed a disfiguring vibrato; it quite spoilt the closing phrases of Schubert's "Heimliches Lieben."

There were compensations however. A Schumann group that included a disarmingly simple "Schneeglökchen" and capped "Meine Rose" with the most deliciously spun reprise was the cream of the first half, and a selection of four Liszt songs, overripe to many tastes one imagines, set the tone for a more relaxed, less careful group of Reynaldo Hahn—a version of "L'Enamourée" the most perfect single item in the evening—and three of Walton's settings of Edith Sitwell, an apparently unlikely finale. "Through Gilded Trellises" brought colours to the voice that earlier could not have been suspected, "Old Sir Faulk" revealed a natural gift for placing the throwaway line. A thought-provoking ending really: there *is evidently still* a lot more to Miss Kenny than met our ears last night.

The Other Place, Stratford

The Forest by MICHAEL COVENEY

The old retainer on Raissa Pavlovna's 1871 country estate summarises the position: "We are down on our knees, surrounded by trees, praying to stumps." The scene of Ostrovsky's classic, best known for Meyerhold's gymnastic pantomime 1924 production, is here a muted compromise between forest, verandah and reception room. Bob Crowley has designed a gold leaf background decorated with ikons. The theatre reeks of incense.

Adrian Noble's Royal Shakespeare Company production proves another fascinating archaeological dig into the Russian repertoire. While Raissa, a widowed, hysterically autocratic landowner, does desperate deals with a cunning timber merchant, her impoverished ward finds happiness among the trees with the merchant's son. The widow plays cat and mouse with a silly ass student (Paul Whitworth) and the overall picture is of a domestic set-up lurching from one ludicrous confrontation to another. The text, in a new version by Jeremy Brooks and Kitty Blair, is wonderfully brittle and funny.

After the young love duet of Act 2, the piece really takes off with the arrival of two itinerant actors. Alan Howard and Richard Pasco take the stage like Don Quixote and Sancho Panza, stalking each other and swapping theatre stories in a beautiful context of professional despair (they are being crowded out by "university types"—a good laugh for the RSC) and the miseries of touring. Howard is a grand tragedian, Pasco a popular clown lately reduced to taking the prompt corner. The former has not seen his aunt, Raissa, for 15 year. Tiredness and hunger overcome the vagabond's natural reluctance to sponge off the people he gleefully left behind.

With Barbara Leigh-Hunt queening it magnificently as Raissa, and Howard and Pasco in full flight, the evening is assurred of success. I am not sure that Mr. Howard has ever performed in the studio before. At close quarters he constitutes an alarming spectacle. But there is tremendous shade and detail in this performance. Squinting destractedly into the middle distance, he eats up Pasco's account of an old ham throwing a servant through the scenery and being recalled 30 times by the audience. Penetrating the household in toff's disguise like Gogol's government inspector, bits of *Hamlet* creep up on him in conversation and, in mid-speech, he suddenly notices his *dirty* shoes and tangles his legs round the back of a chair.

The real surprise, though, is how he modulates his expression to incorporate real emotion when moved, beyond all expectation, by the ward's sad story. Janine Duvitski, pert and wide-eyed, then throws herself in the river (after a marvellous speech about the water's magnetism) an dMr. Howard performs, after all these years, a *deed of genuine* heroism.

In short, Mr. Howard here offers a superb companion portrait to his other grotesque thespian, Jack Rover. It is a virtuoso display that, unlike some of his Shakespearian kings, is locked irrevocably into the surrounding company.

Savoy

House Guest by B. A. YOUNG

I'm giving nothing away if I reveal that what the villains want is to get Robert Drury, the well-known film-star, to smuggle a suitcase full of heroin through the customs at Kennedy airfield in exchange for a suitcase full of diamonds, which he will smuggle through the customs at Heathrow (if *they happen to be working that* day, of course).

To bring the needful pressure on him, they kidnap his little son Mike, choosing for some reason a moment when he is staying in Rome with his father, instead of at home in Weybridge, and entrusting both the snatch and the pressure to a retired major and his Italian friend whom they inexplicably murder before any real pressure has been applied. This happens in Act 1, so I think I can safely recount it. Otherwise I had better confine my revelations to the fact that Robert Drury is played by Gerald Harper and his beautiful wife Stella by Susan Hampshire, so you will know just how polished the performances are going to be.

What else it's safe for you to know I can't say, for apart from Robert's secretary Jane and his country cousin Dorothy, everyone else in the play turns out to be someone other than they appear at first. The play is in fact a mountain of absurd deceits, each deception adding a new layer of absurdity to the improbable story. One player comes on as his own double, or look-alike as they say nowadays. I gave up trying to believe in anything I saw quite early in the evening.

The author of this drivel is Francis Durbridge, who in other days has given me pleasure with his television serial telescoped into a couple of hours, so that neither the characters nor their activities are prepared in any kind of *depth. Still, at least* it's clean, and there are no crimes in it more beastly than cold-blooded murder, so it will be all right for the family. It's directed by Val May with proper attention to keeping the unexpected unexpected, and the design, a vast sitting-room with a french window and a folding door into another room and a bar in the corner, essence of St. George's Hill, Weybridge, is by Graham Brown.

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00060	01607	04297	06834	07996	09700	12338	14923	15849	18193	19377
00079	01618	04379	06838	08002	09748	12361	14925	15854	18214	19380
00091	01698	04408	06841	08008	09796	12363	14939	15858	18220	19383
00106	01719	04440	06845	08027	09805	12370	14944	15862	18233	19387
00122	01734	04469	06848	08029	09821	12376	14951	15871	18284	19392
00131	01739	04480	06861	08036	09835	12385	14960	15878	18287	19393
00135	01746	04488	06865	08048	09838	12397	14964	15888	18295	19394
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01448	04127	06721	07944	09492	12206	14883	15778	18085	19296	

Total of 1,333 bonds of $1,000.00 each, drawn in the presence of Miss E. Fogan, Notary Public and Mr. J. A. Carwardine, Director of Baring Brothers & Co., Limited, 88, Leadenhall Street, London EC3A 3DT.

21st April, 1981

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday May 1 1981

The nuclear deadlock

THE FACT that South Africa, India and Pakistan are all hard at work developing the technology needed to fuel their own nuclear reactors need surprise no one who has followed the politics of nuclear weapon proliferation over the past four years.

In April 1977 the new U.S. Administration of President Jimmy Carter declared what soon became known as its "policy of denial," in an effort to bully other nations into accepting its new ideas for preventing more nations acquiring nuclear weapons. The idea was that it would deny its customers for nuclear technology overseas the freedom to reprocess spent nuclear fuel. Thereby it would deny them the opportunity to separate plutonium, a potential nuclear fuel but also a potential nuclear explosive.

Independent

That this policy has failed there is no doubt. Those nations which fell foul of the Carter Administration's Non-Proliferation Act of 1977 were the very nations which decided that they must go for an independent source of nuclear fuel. South Africa, deprived of its U.S. source of highly enriched uranium fuel for its Safari research reactors since 1976, has worked hard and expensively to refuel the reactor itself. Not only has it succeeded, but ironically enough the 45 per cent enriched fuel it has made, although too lean to make anything but an extremely clumsy weapon, will yield much more plutonium than the highly enriched fuel the U.S. has refused to supply.

India and Pakistan have both claimed recently to be able to make their own fuel for commercial reactors. It is a long and expensive task to prove nuclear fuel to the standards of reliability expected from commercial reactors. These countries would rather buy it from established suppliers in America or Europe—but not at the price demanded by the U.S., namely their signatures on the Non-Proliferation Treaty. Both have pressed ahead with reprocessing technology, flouting the policy of denial.

The inherent weakness of the policy of denial was that there was simply no way of bringing enough pressure to bear upon potential nuclear weapon aspirants in the nuclear sector alone. The earliest UN discussions of nuclear proliferation, soon after Hiroshima, had advanced the idea of "condign punishment" of States which stepped out of line. Condign punishment, short of going to war to stop a recalcitrant nation, must mean ostracising the offending nation.

Technically, this would be possible for the rest of the world simply by cutting such links as air, sea and telecommunications. In practice, it has proved virtually impossible to secure an international consensus to make this work in a single one of perhaps a dozen worrisome near-nuclear nations. The world simply does not see the risk as so great that it is prepared to act in concert against any one nation.

That much was plain before President Carter's policy of denial. What the policy ignored, however, was how much had already been achieved by patient diplomacy over the previous two decades. Over 100 nations had been persuaded to sign the world's biggest international treaty, foreswearing nuclear weapons. Most of the nations which refused to sign — South Africa, Pakistan, Iraq, for example — nevertheless opened key nuclear facilities to UN safeguard inspectors.

The urgent need now is to return to patient diplomacy tailored to each individual nation. Egypt is one example of a nation which, in two or three years, has come to see its place in the world very differently. It has recently signed the NPT.

The most serious problem is international perception of the U.S. position. The U.S. has seriously damaged its credibility by its attempt to bludgeon instead of cajole. Literally dozens of nations have been alienated and are no longer willing to trust the diplomacy of the U.S. in nuclear proliferation. No-one yet has abandoned the NPT but no-one should be too complacent on this score.

Guarantees

This is the central problem before the Committee on Assurance of Supply (CAS), which is trying to find satisfactory ways of guaranteeing nuclear fuel supplies to nations which may find themselves suddenly discriminated against by a new administration in a supplier-nation. It was born of the International Nuclear Fuel Cycle Evaluation, launched by President Carter but abandoned once it became clear that it could never produce the conclusion he sought.

CAS is trying to reconcile what just now seems almost irreconcilable, namely how to enable international nuclear trade to flow more freely yet at the same time give genuine assurance to supplier-nations that the technology will not be misused. It may call for a significant gesture from the Reagan Administration if the present impasse in CAS's deliberations is to be overcome.

Training—new ideas needed

THERE are few areas of policy with greater long-term significance for the British economy than the reform of industrial training. Over the past few months the Manpower Services Commission has prepared what it calls a New Training Initiative for presentation to the Government shortly. This could help to provide the basis for a much-needed national debate on training and youth employment opportunities that would have far-reaching consequences, not just for industry but for society as a whole. There is a danger, however, that the real issues and imaginative ideas may be submerged in discussions of political dogma and quibbles about relatively unimportant institutional details.

The objectives of the MSC's proposals are certainly wide-ranging. The most ambitious is to ensure that, by 1990, every 16-year-old who leaves full-time education is provided with a year's "traineeship," which would combine work, skill-training, education and perhaps even opportunities for "personal development" of the kind which are enjoyed by young people who go into higher education. Secondly, the MSC wishes to extend training and re-training opportunities available to adults throughout their working lives. Thirdly, there is a need to reorganise apprenticeships so that skills and training are defined by the achievement of agreed standards rather than by serving time in trades

Obstacles

Obviously, proposals as ambitious as these, although almost everybody would approve them in principle, will run into two major obstacles: money and vested interests. The question of how better and more extensive training could be financed is a legitimate and important one. But it would be a pity if the energies of government and industry were to be channelled mainly into the argument over which of them should bear the cost of training, instead of the more important question of what type and level of training would provide the best value for money from the point of view of the economy as a whole.

Thus, the debate that is now going on about whether the £50m cost of the present 24 statutory industrial training boards should continue to be borne by the Treasury or should be transferred to the industries involved threatens to distract attention from the more fundamental issues raised by the MSC. Meanwhile, the Government itself is undecided on the question of whether the industrial training boards should continue to be statutory, or should be turned into voluntary bodies, or abolished altogether.

It must be recognised that, ultimately, the consumer must pay for industrial training, whether this money is channelled through the Government in taxation or through industry in prices. If the financing and organisation of training is to be altered, this must be done to make training more efficient and more responsive to the needs of industry.

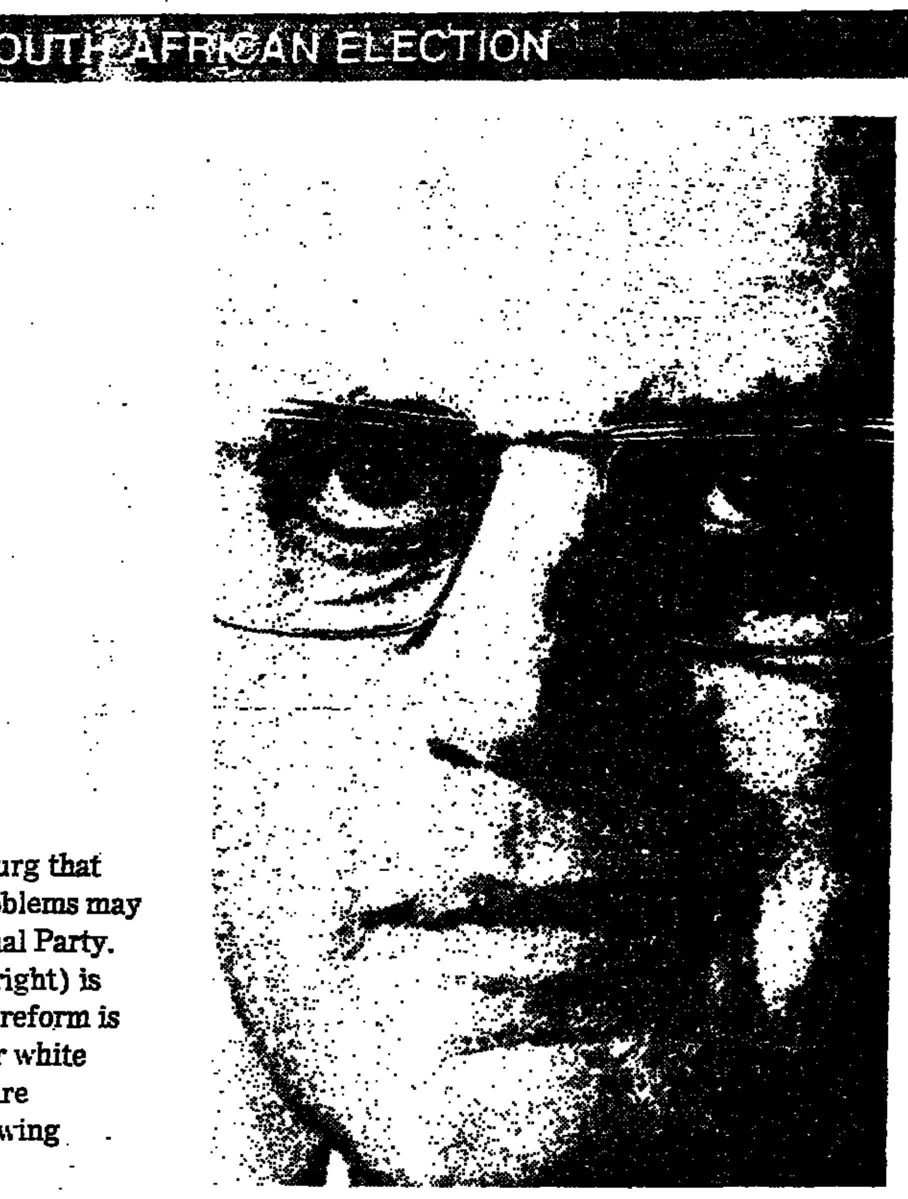
Hopes

The problems of youth unemployment and structural imbalances in the demand and supply of skills are likely to become more acute in the next few years. If real progress is to be made in dealing with them, even by the end of the decade, constructive thinking by politicians industrialists and trade unionists cannot be delayed much longer. For the present Government it is particularly important to clarify its training priorities and to launch coherent long-term programmes to replace gradually some of the present ad hoc measures which are no more than palliatives for youth unemployment. If, as seems almost certain, mass unemployment is Britain's biggest economic problem in 1984, the electorate will at the very least expect the Government to hold out hopes for a better future with strong and constructive manpower policies.

THE SOUTH AFRICAN ELECTION

A victory but the struggle continues for Botha

Quentin Peel reports from Johannesburg that despite this week's election victory problems may just be beginning for the ruling National Party. The Prime Minister, Mr. P. W. Botha (right) is finding that his policy of limited racial reform is pleasing neither the black majority nor white Afrikaner grass roots supporters who are increasingly swayed by extreme right-wing Herstigte Nasional Party.



THE words on a huge banner at the final mass election rally of South Africa's extreme right-wing Herstigte Nasionale Party could not have been more appropriate — or ironic. "Die stryd duur voort," it read — the struggle continues.

The irony is that the words are the same as the slogan of the black nationalist movement in Southern Africa, borrowed from Angola and Mozambique —a luta continua.

The appropriateness is that for the HNP, keepers of the holy writ of white racial supremacy in South Africa, the struggle must continue: in spite of a four-fold increase in votes, and a swing of more than 20 per cent from the long-ruling National Party, the HNP has yet to win a single seat in parliament. It remains almost as far from power as South Africa's disenfranchised black majority.

On paper, the South African general election proved nothing, except for a marginal swing in favour of the liberal opposition, the Progressive Federal Party. This shift represented the return of English-speaking voters, traditional opponents of the Afrikaner Nationalist government to the opposition after their flirtation with Mr. John Vorster at the last election in 1977.

Nevertheless, Mr. P. W. Botha, Mr. Vorster's successor as Prime Minister, managed to keep his party's massive majority in parliament virtually intact. He won an absolute majority — 55 per cent — of votes cast. The PFP benefitted at the expense of the smaller opposition group, the New Republic Party, and the HNP failed to make the final hurdle.

Behind the bald tally of election gains and losses, however, lies a much more dramatic picture. On the one hand, the defection of English-speaking voters suggests that Mr. Botha's cautious moves towards racial reforms have failed to convince those people who believe that South Africa's black majority must share the country's prosperity to ensure a stable future. The PFP gained ground with its argument that those moves have been too half-hearted, and remain locked into the apartheid ideology of separate development of the races. English speakers left the laager.

On the other hand, the swing to the Right occurred in the heartlands of National Party support, in the white mining and working class communities, and in the countryside, where Government majorities are so massive, a 30 per cent swing is needed to erode them.

There, the HNP, once regarded as a lunatic fringe, made heavy inroads into loyal Afrikanerdom. Whereas in 1977 the party lost deposits in 54 of the 56 seats it fought, this time the party lost only nine deposits in more than 90 seats fought.

"It is more than worrying. It is ominous," Professor Piet Cillie, former editor of Die Burger, the National Party newspaper in the Cape, said yesterday. "This is a party that had no Press support at all, and no real organisation. It shows a gut reaction. It is not catastrophic yet, but it is very ominous."

Thus Mr. Botha lost seats to the Left, and votes to the Right — not disastrous, but undoubtedly debilitating. The question now is just how he will respond.

He fought the campaign on a blatant appeal for a personal mandate from the voters: his theme was "faith and courage," and the details of his policy were never spelled out. Instead, the campaign platform was a carefully formulated 12-point plan, phrased so vaguely that it would appeal both to reformers and conservatives. But Mr. Botha nevertheless used the rhetoric of reform; he talked of new initiatives, and he promised to continue those he had begun.

The essence of his policy is the one spelt out by his military advisers, headed by General Magnus Malan, former head of the South African defence force and now Minister of Defence. They argue that because South Africa faces external pressures —a total onslaught co-ordinated by the Soviet Union, they argue —South Africa's entire population, black and white, must unite to face the threat. Hence the need for racial reforms to answer black expectations, while preserving the essential framework of white rule.

This is the policy which has frightened the fundamentalist Afrikaner right wing, and failed to meet the hope of the comparatively more liverl English-speakers. For the former it is too radical, for the latter too vague.

So will Mr. Botha press ahead with his still unspecified reforms or not? Will he respond to the defectors on the Left wanting more, or those on the Right wanting less? There seems little doubt that, in spite of the fact that the PFP and not the HNP won seats, it is the latter which presents the greatest threat.

"The PFP failed to make any serious inroads into traditional Nationalist seats," Mr. Ton Vosloo, editor of Beeld, the Nationalist newspaper in Johannesburg, said. "But P.W. will have a lot of guys in his caucus sitting with HNP candidates almost breathing down their necks. They will be very worried about his planned reforms."

Committed Verligtes (enlightened members) in the ruling party, like Mr. Vosloo, argue that one must have faith in the Prime Minister's promised reforms, even if the party's election arguments sounded the opposite. Moreover, he may have lost votes to the Right, but he won the seats he needed. It is like a rugby game: "P.W. is what is on the scoreboard that counts," Mr. Vosloo says. P.W. says he is going ahead full steam. He has to. If we follow the path that the swing to the Right indicates, we are going to blow up."

Mr. Botha's character is also that he is single-minded to the point of being bloody-minded. Having embarked upon a course, even if he is not clear about its consequences, he will stick to it, his defenders say.

But others are more sceptical. Professor Willem Kleynhans, professor of political science at the University of South Africa and a defector from the National Party in the mid-1950s, argues that the ruling party remains fundamentally committed to white supremacy, not racial reforms. While on the one hand it is highly democratic, with 500,000 card carrying members, it remains overwhelmingly conservative both at the grass root and in the parliamentary caucus.

"You can't transplant Verligte heart into a white supremacist party," he says. "P.W. will simply drive his supporters into the HNP. When he sees that is inevitable, he will back down."

However, if Mr. Botha is determined to press ahead, and is persuaded by his Verligte advisers of the urgency in the sort of terms Mr. Vosloo argues —that otherwise black revolution is inevitable—he may have to adopt increasingly authoritarian methods to by-pass his own party, in spite of, and indeed because of his huge majority.

He has already started on that path, both by bolstering the power of the central executive headed by his own office of the Prime Minister and his State Security Council, and by setting up semi-autonomous committees including members of the private sector.

Deliberately exploiting the rhetoric of free market economics, he has persuaded his party to abandon areas of statutory racial discrimination in favour of private sector regulation — such as in the field of labour and trade unions. And he has increasingly adopted the use of administrative exemptions to racial laws to soften their effects, while they remain reassuringly on the statute book.

Just how far he can go in by-passing the party before it explodes in indignation is not clear. But the message of the HNP vote is that it is not much further. If he cannot persuade his own people of the rightness of his path in the short term, then he may have to face the long-heralded split in his party without any guarantee that he will remain in control of the majority.

The economic reckoning after the election boom

RACE has always dominated South African elections, to the virtual exclusion of all other issues, but this week, arguably for the first time, economic arguments did play an appreciable role.

When Mr. Botha announced the election in February, it was obvious that one reason for his timing—18 months ahead of the due date—was to take advantage of the boom conditions in the South African economy. Real growth of gross domestic product in 1980 was 8 per cent, consumer spending was booming, interest rates remained low, and real incomes had increased appreciably for the first time since 1975.

Thanks largely to the soaring gold price, the South African economy has remained buoyant through the downturn in the world economy, and the balance of payments current account boasted a massive surplus of R2.8bn (£1.5bn).

Yet it was already apparent at the start of the year that the expansion was rapidly slowing down, that the current account had moved into deficit, and that action would have to be taken to curb the increase in money supply and an inflation rate running at an annual rate of 22 per cent in the last quarter of 1980. The real growth rate was expected to slow to between 4 and 5 per cent during the current year.

With a cynicism worthy of most European countries, Mr. Botha also took the opportunity of high tax revenues from the gold mines to award across-the-board pay increases to civil servants and other public-sector employees, while postponing his normal March budget to the end of August.

Two things are now clear: On the one hand, the strategy to some extent backfired, for the opposition parties managed to exploit economic issues, such as the rate of inflation, and the long stagnation of public-sector salaries and pensions, as effectively as the Government exploited the growth rate; on the other hand, now the election is over, the day of reckoning is approaching.

The Progressive Federal Party, traditionally the party of big business, aided by a sympathetic press, used such bread-and-butter issues as the rising price of food (up 30 per cent last year) to win back their traditional supporters. Large-scale resignations among teachers, nurses and policemen, as well as regular civil servants, also provided easy election ammunition. In the event, the Government's pay increases averaging 12 per cent fell far short of expectations.

The delay in dealing with inflation and money supply has clearly worried Mr. Owen Horwood, the Minister of Finance, and his senior advisors. Both he and Dr. Gerhard de Kock, the governor of the Reserve Bank, have made it clear that interest rates will have to rise sharply to more realistic levels.

Dr. de Kock has also warned that the bank will take more active steps to keep money supply under control, and the commercial banks have been told to warn their clients not to expect unlimited credit at the present rates.

The Reserve Bank has also allowed the exchange rate of the Rand to fall—it fell below $1.22 yesterday for the first time in over a year—as a reflection both of the vanishing current account surplus, domestic inflation and the strengthening dollar.

The August budget now seems certain to be conservative, and government spending, including the defence budget, will be kept strictly under control. In spite of the Government's full revenue coffers, no tax concessions can be expected.

Fundamental problems remain in the economy, with the sortage of skilled labour paramount. In turn, that has resulted in rapid wage increases for skilled workers, another factor in the dissatisfaction of public sector employees

The coming recession could give Mr. Botha the breathing space necessary to correct such imbalances in the economy, for example, by pressing ahead more swiftly with measures for black advancement. However, such measures could in turn leave him in further trouble with his dissident right wing.

MEN AND MATTERS

Walters floats to the top

Peter Walters, the new chairman-elect of British Petroleum, is as close to being a whizz-kid as it is possible to be in tthat lofty organisation.

He is just 50 years of age, in theory young enough to hold on to hold on to the top job for a full 15 years. Had he emerged in a previous BP epoch he would probably have had to remain as deput ychairman for a few years longer while the senior deputy chairman, 58-year-old Christophor Laidlaw had his turn at the helm.

But times have changed at BP. The Corporation is being reorganised into several distinct international businesses. It is attempting to present a fresh face, contrasting with its staid traditions which have often seemed more akin to the civil service than a thrusting multinational energy group.

In any case, life at the very top of BP is getting tougher, as the retiring chairman pointed out yesterday. Since becoming chairman in 1975, Sir David Steel has had to contend with the loss of oil from traditional suppliers like Iran and Nigeria: tussle with former Energy Secretary Anthony Wedgwood Benn: compete with state-owned British National Oil Corporation: and explain the company's sales policies before the Bingham Inquiry into Rhodesian sanction-busting by oil companies. Steel hinted at the annual meeting that perhaps future chairmen should retire at 60—the normal BP retirement age.

Walters, who becomes chairman in November, is unlikely to change radically the tone of Board meetings. Like Steel he works well as part of a team—or collegiate as it is now called in the Britannic House headquarters.

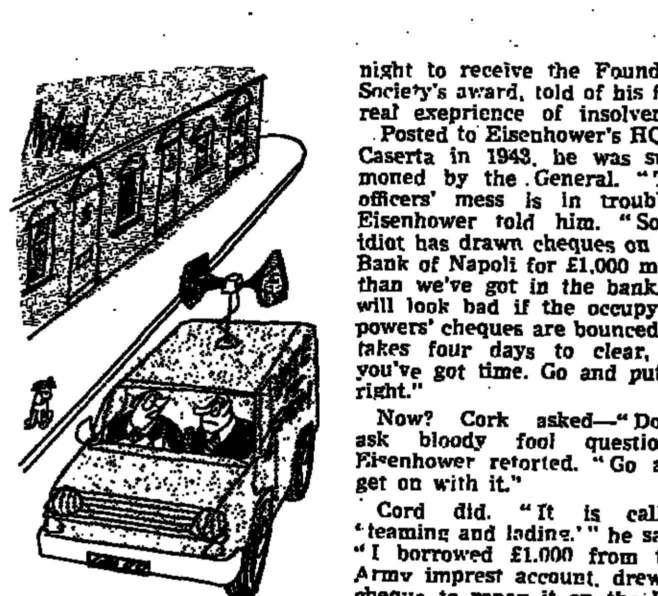
He is not expected to demonstrate the direct and at times domineering control of some past BP chairmen—Sir Eric Drake and Sir Maurice Bridgeman in particular. That might have been a style more suited to Laidlaw.

Colleagues describe Walters as very easy going, having achieved much without the need for a raised voice. It would be difficult to find an enemy of the man. And yet he has a reputation for being sharp, shrewd, hard-nosed and —as befits an executive who has spent much of his time on the supply side of the business—extremely numerate.

While not a workaholic, his rise to BP's pinnacle has been relentless and assured since he joined the company in 1954.

It now remains to be seen how Laidlaw shapes his future. BP was emphasising yesterday that he would remain the senior deputy chairman and chairman of BP Oil International—the group's biggest operation.

But he may be tempted into fresh fields. Sir Alastair Down, a deputy chairman alongside Steel, it may be remembered, left to become head of Burmah Oil.



"Do you think local election apathy is nearing its peak?"

Labour saving

A survey on productivity, commissioned at the cost of £25,000 by Sentry Insurance, the U.S. company, has come to the far startling conclusion that businessmen, trade union leaders and workers around the world think higher productivity is needed. But the poll, devised by Louis Harris International and Professor Amitai Etzioni, who worked for President Carter and is now at Colombia University, again failed to elicit any consensus on how economic nirvana could be achieved.

British trade unionists still see the remedy in government incentives to industry. In contrast, our businessmen want lower government spending—although, unlike their American counterparts, they would not be prepared ot see cuts in the health and social security budget at higher unemployment. In fact, most British union leaders and chief executives, would be prepared to pay higher prices and higher taxes to get economic growth, the poll finds.

Those despairing of ever finding a way through the confusion of ideas might just as well ask John Joanis, Sentry's chairman, how he does it. He is negotiating the purchase of a heavy duty automotive manufacturing company in the U.S. The workers there, none of whom I understand have read the report, have pledged higher productivity if his bid succeeds and, unasked, voted two to one in favour of a pay cut.

Mess cleared

Liquidator extraordinary Sir Kenneth Cork, in Liverpool, last night to receive the Founding Society's award, told of his first real exeprience of insolvency.

Posted to Eisenhower's HQ at Caserta in 1943, he was summoned by the General. "The officers' mess is in trouble," Eisenhower told him. "Some idiot has drawn cheques on the Bank of Napoli for £1,000 more than we've got in the bank. It will look bad if the occupying powers' cheques are bounced. It takes four days to clear, so you've got time. Go and put it right."

Now? Cork asked—"Don't ask bloody fool question." Eisenhower retorted. "Go and get on with it."

Cord did. "It is called 'teaming and lading.'" he said. "I borrowed £1,000 from the Army imprest account, drew a cheque to repay it on the last day, met the cheque from the Mess subscriptions and borrowed ti back the next day.

"For three months I was in fear of a court martial. . . ."

Brickbat

It is not that I am against Royal Weddings but. . . I now discover that when Prince Charles and Lady Diana Spencer go to the altar on July 29 they will add about £3.5m to the cost of housing this year.

The building industry, it seems, will have to pay almost as much for the extra public holiday as it will in higher prices for concrete blocks, roof tiles and hot water cylinders.

Building magazine reports today that its housing cost index has risen 0.4 per cent because of changes in all-in labour rates due to the holiday. Editor Neil Murphy calculates that is roughly equal to an increase of £35 on the price of a new three-bedroom semi.

Observer

هكذا من الأصل

POLITICS TODAY FROM PEKING

The finger of suspicion points at Mao

PROFESSOR HSIA TZU CHING of the University of Peking is an historian specialising in international relations after 1940. He was a cowhand during the Cultural Revolution.

Professor Cem Shao-Min is a cancer specialist at the Harbin medical college in North-East China, once called Manchuria. Like all 35 deans of the college he was dismissed, sent to the countryside and there placed under house arrest.

The hospital, which is part of the college, was run under the banner: "Let the doctor be the nurse and the nurse be the doctor." Treatment of patients was determined by a revolutionary committee of "barefoot doctors," people with only the most rudimentary medical training.

The two professors recall the attack on intellectuals characterised by Zhang Chunqiao, a member of the Gang of Four, who said: "The more knowledge you have, the more reactionary you become."

By now, order has been re-established. Entry to the University of Peking is again by competitive examination. Of the 2,100 new students last year, 15 per cent were children of workers, 20 per cent children of peasants and 65 per cent children of intellectuals.

In Harbin, medical work resumed with the return of all the doctors in 1977, but the buildings are still terribly run down. For over a decade there was no maintenance of the facilities—only destruction, and almost no training of young people.

There is now general agreement—at least on the surface—that the cultural revolution and events which followed until the overthrow of the Gang of Four in October 1976, were a total disaster. Almost anything that went wrong in that period is blamed by the Chinese on the Gang of Four and if there is one thing on which the Chinese seem to be agreed, it is that there can be no return to the upheavals of the Cultural Revolution.

"Next time," says a group of editors for the People's Daily in Peking, "A gang of thugs comes from Shanghai and tells us to clean out the lavatories, we'll throw them out." The man elevated to the editorship during the cultural revolution is, I was told, now clearning out the lavatories himself.

The trouble is that there has been a certain blurring of the dates. The "Great Proletarian Revolution" was launched by Chairman Mao in 1966, but was called off by 1969. What followed was a struggle for power. Mao did not die until September 1976 and the Gang of Four was arrested one month later.

It is impossible to pin everything that went wrong from 1966 onwards on the Gang of Four for the simple reason that in the early period at least the Gang was not powerful enough to do all that much harm. The finger points at Mao. It may point even yet at Zhou Enlai, up to now the untarnished hero of the late Mao years, for Zhou supported the Cultural Revolution.

Mao does not come very well out of an earlier period, either. It was he who introduced the economic programme known as the "Great Leap Forward" in 1958. That, too, was less than a resounding success.

Thus what began as an inquest into the Cultural Revolution and the Gang of Four is really turning into an inquest on Mao. And the trouble is that, once you go that far, it is very difficult to avoid an inquest into the whole period of the Chinese Revolution.

The Chinese consumer boom in perspective: the age of the refrigerator and the dishwasher has still to come

As the Professor of History at Peking University remarked from his impeccable acadamic background: "The whole of China is now summing up the experience of the last 30 years. It is impossible to isolate one period from another. The Cultural Revolution cannot be isolated from what happened before."

It is beginning to look as if the verdict on Mao, which could be delivered quite soon, will be rather like the Chinese verdict on Stalin: 70 per cent good, 30 per cent bad. In other words, Mao was successful until around 1957, but committed grievous errors thereafter.

What is certain, however, is that the verdict has not been easy to reach. There will be no smooth transition to a modernising, technocratic China with a high economic growth rate and a gradual process of cultural liberalisation — or at least not yet.

The economic modernisation programme announced by Deng Xiaoping, the arch-technocrat, has been steadily cut back, most recently in December last year. The Chinese economy is now officially in a period of readjustment, which Gu Mu, a vice-premier with responsibility for economic affairs, told a group of British journalists last week could last for up to 10 years.

One of the reasons for the cutbacks is undoubtedly a fear that the modernisation plans were beginning to look as over-ambitious as the earlier Great Leap Forward. There is also an acute and visible shortage of foreign exchange. Economic ministers, including Gu Gu, say the budget must be brought back into balance. The chief casualty so far has been investment in heavy industry. It is hoped in Peking that Japan will come, at least partially, to the rescue with soft loans.

Another casualty has been defence. The main surprise of the past week's conversations has been that no-one mentioned the Soviet threat, the staple talk of Chinese diplomats in the West. Chinese defence expenditure is actually being cut and the size of the People's Liberation Army, which means the whole armed forces, reduced.

Reports of military unrest are impossible to verify directly. But the Army does appear to have grounds for complaint. It was promised modernisation of its equipment and is not getting very much of it. It played a key role in helping to restore some sort of order when the Cultural Revolution got out of hand. It is now relatively neglected. Moreover, it is said the children of the PLA are no longer getting automatic preferment when it comes to jobs.

The Army may also have shown its restlessness at the cultural liberalisation which was taking place last year. At any rate, the moves towards greater freedom of expression, the exposure of corruption in the party by newspapers and the fraternisation with foreigners now appears to have been checked. "Democracy Wall," on which people wrote their complaints, now carries advertisements.

The most significant move which has not been checked, however, and which in my view is close to being irreversible, is the opening to the West. It is now acknowledged that the only way that China can proceed to modernisation is through Western credits and Western technology. The Soviet Union is quite incapable of giving the Chinese what they want. So, too, is the Third World. The old idea that China could make its way through an alliance of non-aligned and developing countries is out.

It appears to be possible to pursue the opening to the West without accepting cultural liberalisation as a corollary. Apart from the formidable language barrier, foreign technicians and visitors to China are kept pretty strictly segregated. There is a parallel currency for foreigners, parallel restaurants and parallel hotels.

The area where the modernisers might yet turn up trumps is consumer goods. It is important to remember here how underdeveloped China is. According to recent figures, only one person in 10 owns a bicycle; only one in eight a wristwatch, and only one in 21 a sewing machine. Pratically no one possesses a car, and the age of the refrigerator, the tape-recorder, the record player and the dishwasher has still to come.

Yet at the same time there is massive consumer demand and there is at present a considerable consumer boom. The evidence for this is available at a glance. Visit any of the famous sites—the Great Wall or the Emperor's summer palace outside Peking—and you will be surrounded by thousands upon thousands of Chinese who seem to be perfectly happy taking photographs of each other with their new Chinese-made cameras.

There is also a taste for badminton. Give the Chinese a couple of racquets and a shuttlecock and they will play it even amid the bicycle traffic jams. The demand for proper facilities will come later.

The authorities are fully aware of this. Orders have gone out to increase production of cameras, sewing machines, bicycles and washing machines. For most of these items, none of which is particularly cheap, there is already a long waiting list. Yet if the demand can be anything like met, the mass of the Chinese could be kept happy for some time to come.

Simultaneously, however, some of the same plants have to manufacture goods for abroad in order to produce foreign exchange. It is a moot point whether the Chinese can both satisfy domestic demand and be able to afford to import technology to modernise their production.

The Chinese appear to lack the Japanese genius for imitation. I left my razor in Harbin and bought a replacement in the main foreigner's hotel in Peking for well under 50p. It is a collector's piece, in a gold-coloured metal box, but quite unrelated to modern shaving.

However, China's main problem appears to be political: how to produce a political system that will give the people what they want in the way of consumpion and which will also produce modern industries across the board.

There is a good deal of talk among economics ministers in Peking of providing incentives to increase production, and of devolving authority to local units or plants. But when you go to Harbin and talk to factory managers, they tell you that practically all targets are still set in Peking: production quotas, foreign exchange and investment allocations and, above all, the prices of all products.

The influence of the Cultural Revolution persists. Even the most natural entrepreneurs appear reluctant to take initiatives of their own for fear of being denounced by someone else. If you go to the theatre, the audience no longer claps because the Chinese were told during the Cultural Revolution that applause only contributes to the cult of the individual among the actors.

Yet the desire for self-expression is still there. My abiding memory so far is of getting lost in Peking in the middle of the night. No cars, no buses, no noise and virtually no people—only a group of youths talking together in an alleyway, and lots of cats, never seen in the daytime. Then a man came round a corner on a bicycle, careering wildly and singing loudly. You could never do that in the ordinary hours.

I shall also remember those Chinese professors, engaged again in the pursuit of excellence. They could yet be lost in the political struggle.

Malcolm Rutherford

Letters to the Editor

The rating system

From Mr. J. Heddle, MP

Sir,—Many aspects of the rating system are open to criticism.

On the one hand a declining private-rented sector, hedged about by artificial legislative constraints, can produce few valid comparables and gives rise to a miasma of unreality in which anomalies and inconsistencies are inevitable. And on the other, there is the valid objection that rates are related neither to the ability to pay nor to the level of services enjoyed. Thus a pensioner, living alone, may well face a similar rate demand to that presented to a household supported by perhaps four wage-earners.

On the domestic front there are certainly iniquities, but the amounts involved — though of the utmost importance to the individual ratepayer —are small by comparison with the sums demanded from the commercial sector, where business rates contribute perhaps 50 per cent of the total income. Yet the commercial firm, faced with these stringent levies, may be virtually disenfranchised and powerless to determine its destiny in respect of these payments which involve an increasingly significant proportion of overheads.

Another contentious aspect of rating is the demand placed upon owners of unoccupied business, commercial and industrial premises. In the aftermath of the property boom of the early 1970s and particularly with glowing examples of certain central London office blocks in mind, logical arguments could be advanced for the rating—even perhaps at penal levels—of business premises kept unoccupied apparently for reasons of personal gain. But now, in recession, there is little logic in hitting those who, probably through no fault of their own, find themselves burdened with buildings which they cannot let or sell.

Although the Local Government Planning and Land Act 1980 has reduced the maximum amount which a local authority can levy on the owners of vacant industrial and commercial buildings from 100 per cent to 50 per cent of rates, some councils are continuing to extort as much as they can from a business sector under heavy pressure. Owners of vacant commercial premises may be doing all they can to find tenants and I believe it is grossly unfair that owners should be so penalised by market conditions.

I suggest that there should be a moratorium on the rating of unoccupied business, commercial and industrial buildings for a year, by which time the worst of the recession should have passed.

Quite apart from market conditions, there is a further reason for office and industrial space failing to let which is having particularly serious repercussions in London. This is the inability of British Telecom to instal telephone and telex systems in anything approaching a reasonable time. The most plausible excuses are made and future improvements are continually promised but the brutal fact is that few firms will take offices in which communications facilities are either absent or below standard. On the strictest interpretation, the lack of a telephone does not prevent occupation but on a practical level any office lacking these facilities is virtually useless. It adds insult to injury if the owner of such premises finds they are unlettable but then faces a rate liability for having them empty.

There should surely be a tempering of the wind in respect of commercial rates. Rebates have long been available to those in need in the residential sector and it is high time that a modicum of charity was extended to commerce when it comes to the matter of unoccupied buildings.

The alternative—a swingeing rate increase or an unjustified demand on empty premises—could be the final straw to drive the company out of business altogether or encourage it to relocate to a cheaper town or one controlled by a rather more sympathetic authority. If enterprise and industry are disproportionately penalised, the seeds of an area's economic decline have been sown.

John Heddle.
House of Commons, SW1.

Start-up schemes

From Mr. P. Whiteland-Smith

Sir,—With reference to Mr. Greenly's comments (April 29) on the start-up schemes, may I add to his observations by putting on record that I have discovered 98 grounds (two of which are commercial) on which an investment in a start-up scheme could fail, or fail to obtain the promised relief, or having obtained it, lose it—in whole or in part.

In many cases the actions of third parties could cause relief to be refused or lost and these will be third parties over which the investor could have little or no control except contractual.

The revenue is obviously sulking about this legislation, dislikes it, does not wish to implement it and, in the sacrosant name of anti-avoidance, has perpetrated the emasculation.

I do not think that any reasonable person can take any shares under this scheme, nor any company accept such an investment. The five year covenants in any contract must, in my opinion, unduly restrict corporate flexibility and result in initial legal fees of at least £2,500 (not tax deductible). This is an intolerable percentage of £10,000—whether paid by the company or the investor.

It is my considered view that this scheme is totally unworkable in its present form.

P. R. Whiteland-Smith.
Ballabrooie House, Peel Road, Douglas, Isle of Man.

The30-share index

From Mr. E. Bateman.

Sir,—Congratulations on having at last opened your columns to discussion on the 30-Share Index (Lex, 27 April), acknowledging that the method of calculation undervalues the portfolio.

After nearly 46 years, the geometric lag has reduced the value indicator by index number below the corresponding about 40 per cent.

The merit of the method of the geometric mean was that changes in the index could be calculated from the percentage movements in value of the individual stocks. That was important in 1935 when the late Sir Richard Clarke, a Cambridge wrangler, introduced the method to monitor short-term changes in market sentiment. Now, with electronic calculators and computers providing instant answers to all such problems, there is no longer any merit in this highly sophisticated device which produces such gross errors when used out of context to attempt to follow long-term changes in value.

The 30-share index could easily be transformed into a value indicator by changing to the arithmetic mean or simple average. A new 30-share index —call it the FTN 30—should now replace the FT30. It could be at once aligned with real value by choosing a starting point which would give an FTN figure of 1,000 to correspond with 600 for the existing FT30.

The great and continuing importance of The Index, as it has become so widely known, is that it affords a direct link with a very long period, 150 years or more, of effectively stable money.

It would be a sad day if ever the index were abandoned or greatly changed, when it can so easily be given a life-saving transplant.

E. Hugh Bateman.
2 Howard Lodge, Mount Sion, Tunbridge Wells.

Combine CCA and CPP

From Mr. B. O'Sullivan

Sir,—Mr. Hale (April 28) fails to make clear that current cost accounting (CCA) and current purchasing power (CPP) accounting are not mutually exclusive. The changes in the wealth of an enterprise may be essentially determined by comparing net assets at the beginning and at the end of the period under consideration, allowing for introductions and withdrawals of capital. To compare the net assets it is necessary to establish a basis of valuation and to have a common unit of measurement. Under SSAP 16 the basis of valuation is the "value to the business" and the unit of measurement is money, but under another system the unit of measurement could be CPP units. Although the Sandilands committee rejected the use of CPP units, it could be argued that a combination of CCA and CPP would give a more realistic picture; certainly the comparability of accounts over time might be enhanced.

Brian O'Sullivan.
29, Leith Road, Wood Green, N22.

The polls in France

From Mr. B. Gosschalk.

Sir, — Your correspondent Terry Dodsworth ("Opinion pollsters far from mark," April 28), does French pollsters and your readers a disservice in knocking the polls for inaccurately predicting the outcome of the French election.

Not so: the French opinion polls were in fact very near the mark. I have followed nine polls over the election period. A very early—March—poll showed Giscard 29 per cent, Mitterrand 24 per cent, Marchais 16.5 per cent and Chirac 16 per cent. There was one on April 9 giving the figures Giscard 24.5 per cent, Mitterrand 24 per cent, Chirac 19.5 per cent and Marchais 18 per cent. In one of the last major polls published the figures were Giscard 27.5 per cent, Mitterrand 22 per cent, Chirac 19 per cent and Marchais 18.5 per cent. The actual results were Giscard 28 per cent, Mitterrand 26 per cent, Chirac 18 per cent and Marchais 15.5 per cent.

They clearly spotted the Communist slide (M. Marchais was placed fourth in the figures published a week before voting); they did not overestimate the final strength of the Gaullists—it was the political commentators who did; and they underestimated the Socialist vote by 2 per cent on average, a "discrepancy" which can largely be accounted for by a well-known phenomenon: tactical voting.

If polls were not banned in the final week of the campaign, all the journalistic brouhaha about M. Chirac's gathering momentum (sic) would have been revealed for what it really was: a Gaullist ploy, designed to create the impression that Chirac could finish second.

Why are newspapers so willing to criticise polls, even when they get things right?

Brian Gosschalk,
Market and Opinion Research International.
29 Queen Anne's Gate, SW1.

Going to the zoo tomorrow?

From Mr. D. Coombe.

Sir,—How sad that Lord Zuckerman with so many successes behind him should be lamenting the financial distress of the Regent's Park and Whipsnade zoos. How sad too, that the heritage of so many youngsters should be in jeopardy, but with entrance costing £3.50 adult/£1.50 children what families can afford it? One remembers the days between the wars when a "summer holiday" for lots of London boys and girls was a day at the zoo.

His lordship appears to advocate the "Law of diminishing returns" — an increase in charges being "the only sensible thing." No, no, don't let the London Zoo fizzle out, better to close it and move some of the animals to Whipsnade. Our London Zoo is no longer a credit to us anyway. It looks "down at heel" and needs a damn good scrub. Without the funds it's not surprising. Why not a concerted effort to "raise the wind"? An overdraft last year of £331,000, a bank balance of only £3,600! It's bankrupt!

To overcome the overdraft why not actively encourage debentures, patrons, fellowships, memberships, etc. Why not fellowships (without the necessity of a sponsor) at say £25 per head with ten free tickets per annum? 14,000 supporters will pay off the overdraft. Reduce the entrance fee to £1.50/£1.00 per head. Encourage schools to pay an annual visit. There are approximately 300,000 children at school in the Inner London Education Authority and probably double that number in the Greater London Council area.

The attendance will increase when the entrance fee is less prohibitive. We might even see a 3m gate. If the books cannot be balanced this way let the London Zoo cut its losses and close, then improve Whipsnade by amalgamation.

Donald H. Coombe.
32-35 Botolph Lane, EC3.

Today's Events

GENERAL

UK: Trades Union Congress 300-mile Liverpool to London unemployment march starts, Liverpool pier head (to May 28).

Mr. Hamish Gray, Energy Minister, and Mr. Harald Norvik, Norwegian Petroleum and Energy Secretary, visit Howard Doris Yard, Loch Kisborn.

Wales Trades Union Congress opens, Porthcawl (to May 5).

Interest rate on National Savings Bank investment account drops to 13 per cent.

Stock Exchange turnover figures published.

"Waverley," last seagoing paddle steamer in the world, visits Tower Pier, London (to May 5).

Overseas: Prince Charles meets President Ronald Reagan, Washington.

Mr. Alexander Haig, U.S. Secretary of State, travels to Rome for Nato meeting next week.

International People's Tribunal investigates Soviet intervention in Afghanistan, Stockholm.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Department of Industry publishes March final figures for car and commercial vehicle production.

COMPANY MEETINGS

Banro Consolidated Industries, Belfry Hotel, Sutton Coldfield, 12. Dufay Bitumastic, Winchester House, 100 Old Broad Street, EC, 12. London and Manchester Assurance, Winslade Park, Exeter, 12.30. Lyon and Lyon, Harker House, Knottingley, 12.15. Mount Charlotte Investments, Grange Hotel, Harrogate, 12. Noble and Lund, Northern Machine Tool Works, Felling, Gateshead, Tyne and Wear, 10. George Oliver (Footwear), Murrayfield Road, Braunstone, Leicester, 12.15. Transport Development, Great Eastern Hotel, Liverpool Street, EC, 12.

COMPANY RESULTS

Final dividends: Ayrshire Metal Products. Henry Boot and Sons. R. H. Cole. Hammerson Property and Investment Trust. House Property Company of London. John Laing. Liberty and Co. Moss Bros. Save and Prosper Linked Investment Trust. Interim dividends: Kwik Save Discount. Samuel Properties.

Wimpey grows by £7.6m with second half boost

SECOND-HALF profits of George Wimpey, construction engineer, expanded by £6.6m to £45.5m and lifted the taxable result for the whole of 1980 to £54.9m, compared with £47.3m. Turnover moved ahead from £1bn to £1.22bn.

In his mid-term statement—profits were £9.4m (£8.4m)—Sir Reginald Smith, chairman, said that 1981 could be a difficult year. He now comments: "I still hold this view. Although there are now some encouraging signs, any underlying improvements in the economy will, as always, take time to be reflected in the results."

Profits were struck after interest, up from £12.6m to £14.2m, and subject to tax of £11.7m against £6.6m.

Earnings per share are shown as 16.9p (16p) and the dividend is stepped up to 2.55p (2.25p) net with a final of 1.7p.

The attributable balance was boosted from £40.9m to £63.8m—dividends will absorb £6.5m (£5.8m)—after an extraordinary credit of £20.5m (nil). Some £19.3m of this item was a deferred tax release.

Sir Reginald says that during the year the group reduced its borrowings by £56m, "through careful control of capital expenditure, working capital and operating costs."

A $33m financing agreement was signed yesterday for the construction of a major road project in the Republic of the Ivory Coast by Wimpey Asphalt Ivoire SA.

The agreement was signed between a syndicate of banks assembled by the Banque de Paris et des Pays-Bas (London) and the Republic of the Ivory Coast—the loan is repayable over 12 years.

It is considered a major achievement for a British construction group to be awarded such a contract in French-speaking Africa.

See Lex, Back Page

DIVIDENDS ANNOUNCED

	Current payment	Date at payment	Corre-sponding div.	Total for year	Total last year
Aberdeen Trust ......int.	2.1	June 19	2	—	3.7
Blockley	4.89	June 17	4.89	6.64	6.39
Boosey & Hawkes	3.77	—	3.77	5.67	5.67
Border Breweries	3.6	July 6	3.3	4.9	4.5
B.S.G. Intnl.	nil	—	1.04	nil	2
Central & Sheerwood ...	0.3	—	0.91	1.05	1.66
Churchbury Estates	8	June 6	6.5	12	9
James Crean ....int.	2	July 2	2	—	6.83
Davies & Newman	6.16	Aug. 1	5.93*	9.24	8.57*
Downiebrae	nil	—	2.1	0.9	3
Hopkinsons	4.15	July 3	4.15	5.65	5.65
P. & W. MacLellan	0.93	—	0.93	1.43	1.43
Platignum	0.01	June 26	0.44	0.01	0.6
Pritchard Services	2.5†	—	1.45	3.5	3.25
Scottish Heritable	1.5	July 2	1.5	2.5	2.5
Sennah Rubber‡	40	—	40	40	40
S. Simpson ....int.	1	July 3	1.31	—	4.26
H. C. Slingsby	1.8	July 9	1.8	2.4	2.4
United Wire ....int.	2.2	July 1	2.2	—	5.75
Yule Catto	1.2	July 6	1.2	2§	2
Wace Group	0.72	June 19	1.44*	1.44*	2.4*
G. Wimpey	1.7	July 3	1.5	2.55	2.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § For 14 month period.

Downiebrae Hldgs. omits final

PERFORMANCE FELL to just below break-even in the second half of 1980 for Downiebrae Holdings and the final dividend is being passed.

However, the directors are confident recovery prospects are excellent and only depend on any improvement in the industrial climate.

After writing off start-up costs and writing down some stock because of the strength of sterling, taxable profit of this ingot manufacturer and metal merchant slid from £539,634 to £205,452.

Early trading results for 1981 indicate that the rate of decline in the engineering sector may have decreased, but there is no sign of an upturn in trade, says Mr. W. G. Peacock, the chairman.

The group has completed its programme to achieve a national service and more recently terminated its commitment in the non-ferrous industry. This latter move has considerably improved borrowings since the year end, and, therefore, cut interest costs, which doubled last year due largely to finacing the construction and equipping of the new factory at Tamworth.

Stated earnigs per 10p share were 2.8p (5.75p) on trading profit, before tax of £5,164 (£128,885), and 2.39p (13.9p) after adjustments for tax and goodwill. Dividend for the year is left at 0.9p net against 3p.

Recession and dispute hit Wace

THE NGA national dispute coupled with the full impact of the recession are blamed by the directors of Wace Group, which provides service requirements to advertisers and printers, for a plunge in pre-tax profits for 1980 from £318,100 to £1,600. At mid-year they had fallen from £175,400 to £91,355.

The directors warn that trading during the first quarter of 1981 has been difficult and a return to profitability cannot be expected while the recession continues. However, they say rents from sub-letting will provide an income of approximately £100,000 during the year.

The dividend for 1980 is being reduced from an equivalent 2.4p to 1.44p net by a final payment of 0.72p (1.44p adjusted).

The pre-tax surplus was struck after exceptional debits of £97,800 (£186,700) but there was a tax credit of £121,900 (£98,500 charge) leaving stated earnings per 20p share well down at 3.62p (7.8p).

Slingsby setback

PRE-TAX profit of H. C. Slingsby, truck and ladder maker, slumped from £162,810 to £38,454 for 1980. Sales were marginally lower at £2.93m, against £3.14m.

At half-time the profit setback was from £107,687 to £7,728 as trading conditions worsened in the second quarter, and the directors said certain rationalisation measures were being taken.

A same again final of 1.8p maintains the net total dividend at 2.4p.

Interest costs for the year reached £19,546, compared with £13,411. The net balance emerged at £37,779 (£82,288) after tax down from £80,522 to £675. Last time there was an extraordinary debit of £18,236.

Comparatives have been restated to exclude operation of subsidiaries that are being liquidated.

First quarter loss by Hoover

AFTER CHARGING redundancy costs of some £2.6m, Hoover, maker of domestic appliances, incurred a pre-tax loss of £3.82m for the first three months of 1981, compared with a £1.77m profit for the same quarter of the previous year.

For the whole of 1980, there was a loss, before tax, of £2.75m (£1.86m profit), of which £2.6m accrued in the final three months.

The directors say the first quarter results have been affected by the further rationalisation measures recently implemented, but these will speed the return to profitability which they are determined to achieve.

"We believe that we shall be well placed to take advantage of any upturn in market conditions," they state.

First quarter sales were maintained at £50.98m. Despite continued severe price competition, small price increases were implemented during the period in the UK and most overseas markets.

Short time working affected the operation of all three of the group's UK plants in the quarter and in early March, Hoover announced that around 900 were to be made redundant in its UK manufacturing activities. These redundancies now have been largely effected, almost entirely on a voluntary basis.

The Perivale factory is now working full time, but short time working is still in operation at Merthyr Tydfil and Cambuslang.

Trading loss for the first three months was £3.4m, compared with £2.32m profit last time, and included losses of £135,000 (£191,000) relating to the associate, Hoover (Holland) and its subsidiaries. The pre-tax result was after charging exchange losses of £420,000 (£557,000).

Tax charge of £449,000 (£605,000) was in accordance with SSAP 15 and assumes that the new stock relief proposals included in the Budget will be implemented. On a full provision basis to include all adjustments to deferred tax, there would have been a tax credit of £276,000 (£1.4m charge).

Loss per 25p share is shown at 21p, against earnings of 6p last time.

See Lex, Back Page

Sheerwood suffers 90% fall and cuts payment

THE HIGH level of interest rates depressed trading conditions reduced the 1980 taxable profits of Central and Sheerwood, the engineering, printing, publishing and financial services group, by more than 90 per cent from £4.72m to £284,000.

Group turnover increased by 14.3 per cent to £93.8m (£82.06m) but margins were severely affected and trading profits fell by 50 per cent from £6.75m to £3.43m.

All the group's operating divisions were badly affected by the difficult industrial climate and desperate price cutting by competitors, says Dr. Francis A. Singer, chairman, but he remains confident about the future.

The directors are recommending a reduced final dividend of 0.3p (0.905p), making a net total payment for the year of 1.05p (1.655p).

The group surplus was struck after sharply increased interest charges of £3.15m (£2.03m).

There was a tax credit of £242,000 (£203,000), a minorities loss of £1,000 (profit £60,000), and an extraordinary debit of £445,000 (cerit £232,000), leaving profits attributable to shareholders of £82,000 (£4.96m).

Dividend payments of £832,000 (£1.22m) were met by a transfer from reserves of £750,000. In the previous year, the retained profit was £3.74m

Earnings per 25p share emerged at 0.57p, down from 7.13p.

The chairman says the extraordinary debit refers to rationalisation costs incurred to reduce overheads and enhance future profitability.

Dr. Singer says the group has continued to implement rationalisation plans in the first quarter of this year and the order books now suggests profit margins should improve in the second half.

● comment

The two key elements in Central and Sheerwood's unprofitable year are the virtual disappearance of its engineering porfits—which held up remarkably well in the first half—and the income gearing of 91.7 per cent. Engineering is the main axis of the group, and generated over two-thirds of the 1979 profits; it could not sustain that into the second half of 1980. Of the minor divisions, distribution nearly held its own in that period, while printing and publishing—a much smaller activity—actually produced an increase. One of the group's best prospects—the list of orders for draglines—have a 13 month production cycle. This means that, although there has been some cash-flow in the form of progress payments, profits always seem to be just over the annual horizon. After a dividend cut, the shares yield 5.7 per cent on an unchanged price of 26½p. Although debt fell by 1m during the year, the company is perhaps going a little far in describing the balance sheet—62 per cent geared—as strong.

Sales volume rises at ICI

AIDED BY lower costs Imperial Chemical Industries' profit recovered in the first three months of 1981 after a severe setback in the second half of last year.

Pre-tax profit for the period was £52m. Though down on the £171m achieved for the first quarter of 1980 it follows six months when the surplus slumped to £10m leading to the final dividend being cut by more than half.

First quarter sales at £1.49bn (£1.52bn) were £60m above the fourth quarter. But volume in January and February showed no significant improvement over the previous six months and selling price increases were not enough to give any real recovery in margins, the company says.

"However March sales volume was somewhat higher, but it is too early to say whether this is the start of a sustainable recovery."

Exports were up at £334m, compared with £280m three months earlier, and overseas turnover moved ahead to £894m, against £857m in the first quarter last time.

Compared with the first three months of 1980 the net surplus was down at £16m (£115m) after tax of £36m, against £56m. The attributable total fell form £107m to £10m. Depreciation took £74m (£72m).

Pre-tax profit for the whole of 1980 dived from £613m to £284m on the new accounting basis.

Stated earnings per £1 share before extraordinary items for the first quarter were 1.7p (18.4p).

The company's oil business, including its share in the Ninian field, showed a £26m surplus after £31m petroleum duty and taxation.

Chemical sales volumes edged up 1 per cent over the previous quarter but were still 4 per cent lower than a year earlier with the UK side down 17 per cent.

See Lex, Back Page

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Fundinvest, Kwik Save Discount, Samuel Properties, Transvaal Consolidated Land and Exploration.

Finals:—Arrow Chemicals, Ayrshire Metal Products, Belgrave (Blackheath), Henry Boot, R. H. Cole, Hammerson Property and Investment Trust, House Property Company of London, John Laing, Liberty, Moss Bros., Save and Prosper Linked Investment Trust.

FUTURE DATES

Interims:—

Bellway	May 5
Deelkraal Gold Mining	June 9
East Driefontein Gold Mining	June 9
Gomme	May 20
Herman Smith	May 8
Vaux Breweries	May 8
Vlakfontein Gold Mining	June 9

Finals:—

Altilund	May 6
Doornfontein Gold Mining	June 9
Hoveringham	May 15
Industrial and General Trust	May 21
Kloof Gold Mining	June 9
Libanon Gold Mining	June 9
Sainsbury (J.)	May 6
Venterspost Gold Mining	June 9
West Driefontein Gold Mining	June 9

T. W. Ward's offer is cleared by Monopolies

BY ANDREW TAYLOR

The Monopolies Commission yesterday cleared Thomas W. Ward's bid for Tunnel Holdings—now worth £76m—just hours before the offer was due to close.

First thing this morning Ward will announce the outcome of its offer—last night worth 421p a share—for the near 70 per cent of Tunnel it does not already own.

Tunnel's share price yesterday climbed 21p to 421p on speculation that Ward might be about to enter the market and buy Tunnel shares. However, last night, S. G. Warburg, Ward's advisors, denied that the company had been buying in the market.

Tunnel, the UK's third largest cement manufacturer has strongly opposed the bid by Ward, the iron, steel, building materials and engineering group. Ward's share price fell 1p yesterday to 132p.

Last night all the indications were that Thomas Ward was unlikely to get sufficient acceptances to give it control of Tunnel, but Ward is expected today to announce that the offer will be extended with the possibility that there will be a long drawn out fight.

Utd. Wire dives but pays same

TAXABLE PROFITS of United Wire Group tumbled from £534,000 to £30,000 for the six months to March 28, 1981, but reflecting the board's confidence that the second half will show an improvement, the interim dividend is being kept at 2.2p net.

First-half turnover dropped from £7.56m to £6.48m and after tax of £21,000 (£206,000) earnings per 25p share were 0.1p, compared with 4p.

For the year to end September, 1980, pre-tax profits were £798,000, from which dividends totalling 5.75p were paid.

Rowland sells his 19.5% stake in Malaysiam Tin

Mr. Roland "Tiny" Rowland, chief executive of Lonrho, has disposed of his personal shareholding interest in Malaysiam Tin, the mining group. He has sold 115,887 shares in the company (representing a 19.5 per cent interest).

A company controlled by Mr. R. W. Moore has purchased 125,000 shares and Mr. G. A. Harvey (a partner in stockbrokers Margetts and Adenbrooke, East Newton) has purchased 7,024 shares.

Folowing the transactions Mr. Rowland and Mr. Dunlop have resigned as directors and Mr. Moore and Mr. Harvey have been appointed to the board.

Mr. Edward du Cann is to continue as chairman of Malaysiam Tin.

It is intended that Malaysiam Tin will acquire certain property development and building interests at present controlled by Mr. Moore.

The shares of Malaysiam Tin were suspended ahead of yesterday's announcement at 114p and will remain suspended pending further details of the proposed acquisition.

Mr. Rowland has held his stake in Malaysiam Tin for 15 months but Lonrho declined to indicate the profit that Mr. Rowland had made on the transaction. "It is his own personal and private business," said Lonrho director Mr. Paul Spicer.

MIDLAND BANK STATISTICS

The amount of new money raised in the UK by the issue of marketable securities in April was £198.4m compared with £39.8m in April, 1980, according to figures compiled by the Midland Bank.

AMC ISSUE

The Agricultural Mortgage Corporation is raising £2.5m by way of 12⅝ per cent bonds at £100 per cent redeemable at par on May 7, 1982. Interest is payable as to £6.3125 per cent on November 1 and £6.52 per cent on May 7, 1982.

Platignum losses rise

THE ADVERSE effects of the recession meant that the losses reported by Platignum at the interim stage accelerated in the second six months to January 31, 1981, leaving the company, which manufactures writing instruments and plastic mouldings, with a full year pre-tax deficit of £443,991, against a £330,936 profit previously.

When reporting a first-half loss of £18,184 (£96,789 profit) the directors warned that no return to overall group profitability was anticipated for the year as a whole.

The interim dividend was omitted, but in order to retain the company's trustee status a special interim of 0.01p is being recommended — no final is to be paid. The previous year's payments totalled 0.6p net.

Reacting to the difficult trading environment, increased international competition and changes in Platignum's markets, the Board has reorganised and streamlined the company's operations.

The number of employees has been cut from a 1980-81 average of 679 to a current level of 503. At the same time, investment has been maintained in plant to reduce unit costs and in research and development for new products.

The current year is seen as one of consolidation and the Board is confident that the company is poised to regain its former competitive position.

External sales for 1980-81 dropped slightly from £10.97m to £10.47m, although exports showed an improvement to £1.61m (£1.39m).

There was a tax credit for the year of £352,936 (£139,838 charge), but after charging extraordinary debits of £136,582 this time and preference dividends, the attributable loss was £230,724 (£188,011 profit).

Cost of the special interim was £2,300 (£131,980 total last year).

SPAIN

April 30	Price %	+ or −
Banco Bilbao	310	+4
Banco Central	359	
Banco Exterior	280	+3
Banco Hispano	315	
Banco Ind. Cat.	124	
Banco Santander	339	+1
Banco Urquijo	189	
Banco Vizcaya	327	
Banco Zaragoza	216	+2
Dragados	143	
Espanola Zinc	75	
Fecsa	63.5	−0.5
Gal. Preciados	30	+1
Hidrola	66.7	−0.8
Iberduero	57.5	−0.5
Petroleos	108.5	
Petroliber	88	
Sogefisa	81	
Telefonica	61.5	+0.3
Union Elect.	67	

Pritchard Services beats its forecast

COMPARED with a forecast of some £3m for 1980, made with last November's rights issue, taxable profits of Pritchard Services Group, building and stone cleaning, security services concern, came out at £3.53m for the year, against £2.41m, a rise of over 46 per cent.

The dividend is stepped up to 3.5p per share, compared with 3.25p, by a final of 2.5p as forecast.

Mr. Peter Pritchard, chairman and chief executive, says the group has made an excellent start to the current year and the directors confidently expect a further improvement "especially as we derive the benefits of scale and energy from the integration of the Crothall and Pritchard businesses."

Sales for the year advanced by £11.7m to £85.74m and operating profits were £4.22m (£3.11m) — building maintenance services continued as the group's primary activity contributing sales and profits of £68m and £3.53m respectively.

The directors say that the group's other major activities in security services, linen hire and catering continued their recent pattern of growth in both sales and profits.

Earnings per share are shown as 8.74p (7.02p).

Pre-tax surplus included associates share of £619,000 (£381,000) but was struck after interest of £1.31m (£1.08m). After tax, nearly doubled from £779,000 to £1.46m, and minority interests of £71,000 (£56,000) the available balance came through ahead from £1.57m to £2m.

Dividends will absorb £963,000 (£483,000) leaving £1.04m (£1.09m).

● comment

Mr. Michael Ashcroft's dawn raid on Pritchard Services last July at 72½p a share looks a long way away. At the time, Pritchard feared a full bid and so rushed out much improved interim figures and then in November launched a £4.5m rights issue and made a big U.S acquisition through a vendor placing. Now the group has confirmed its growth trend with an even better profit rise than forecast in the second half of 1980. The fully taxed p/e of more than 20 on yesterday's price of 166p, up 4½p, may still reflect bid hopes but Mr. Ashcroft's Hawley Leisure and Provincial combined now have a market capitalisation of only £33½m compared with Pritchard's £48.9m. For its part, Pritchard dismisses speculation that it might try to acquire Provincial, which now holds the 21 per cent stake for the Ashcroft interests. Pritchard seems off to another good start this year, having absorbed the Crofthall acquisition smoothly, and should benefit from the strengthening of the dollar and reduced gearing as a result of the rights issue. Perhaps more than £5m in profit before tax is possible, but the shares may be quiet until the stalemate with Mr. Ashcroft is broken. The yield is 3 per cent.

James Crean warning

DESPITE AN increase in turnover from Ir£16.02 to £18.14m, pre-tax profits of James Crean, Dublin-based industrial holding company, fell to £816,000 for the six months to December 31, 1980, against £971,000 last time.

The directors warn that profits for the current year would be as low as £1.5m but they expect that the result for the year ending June 30, 1982 will be significantly ahead of the 1979-80 figure of £2.22m.

They are therefore confident of the company's fundamental strength and of its prospects, both in the medium and long term, and believe that it will be possible to maintain dividend levels in the current year.

With stated half year earnings per 25p share down from 6.25p to 4.17p, the interim dividend is held at 2p net—the final last time was 4.825p.

Profits were affected by the recessions in the UK and Ireland, but the principal factor behind the reduction was the performance of a group of companies in the Midlands, which were acquired by the Wade Group.

These companies were in a loss-making situation at the time of acquisition, but were acquired for strategic reasons. They will make substantial losses in the current year, but vigorous efforts have been made to put them on a sound footing and the directors believe they will be brought into profit in the coming financial year.

Tax for the half year took £401,000 (£436,000) and after minorities, attributable profits dropped from £465,000 to £313,000.

BANK RETURN

	Wednesday April 29 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,101,039	— 44,859
Bankers Deposits	662,031,670	+ 13,118,286
Reserve & other Accounts	1,415,026,346	+ 122,159,866
	2,131,712,055	+ 135,233,293
ASSETS		
Government Securities	739,930,856	+ 112,850,000
Advances & other Accounts	837,156,115	— 54,205,551
Premises Equipment & other Secs.	533,528,125	+ 84,552,688
Notes	20,846,630	— 7,924,729
Coin	260,331	— 19,115
	2,131,712,055	+ 135,233,293
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,725,000,000	— 225,000,000
In Circulation	10,704,153,370	— 217,075,271
In Banking Department	20,846,630	— 7,924,729
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	6,740,421,969	— 93,459,345
Other Securities	3,973,562,931	— 131,540,655
	10,725,000,000	— 225,000,000

Lec sales rise 20%

OVERALL sales are up by more than 20 per cent at Lec Refrigeration, for the first three months of 1981, Mr. Charles Purley, chairman, tells members in his annual review.

The directors do not expect exports to reach last year's level, but home market sales are well ahead so far, he states.

As reported on April 9, pre-tax profits for 1980 advanced from £1.62m to £2.44m, on turnover of £33.99m against £27.3m.

Shareholders' funds amounted to £10.23m (£8.71m), at the year end, and net current assets £7.39m (£6.2m). A CCA-adjusted pre-tax surplus was £1.63m (£767,000).

Meeting, Bognor Regis, on May 22, 11.30 am.

£1m downturn for Davies & Newman

TAXABLE profits of Davies and Newman Holdings, Dan-Air airline operator, ship broker and shipping agent, fell from £3.38m to £2.35m for 1980 on improved turnover of £153.82m, against £129.49m.

The directors are recommending an increased final dividend of 6.16p (5.93p adjusted), making a net total for the year of 9.24p (8.57p adjusted).

Mr. F. E. F. Newman, chairman, says the results are satisfactory considering the recession which badly affected the aviation business in the last three months of the year.

Looking to the future, Mr. Newman sounds a cautionary note. He says the shipping markets in the first three months of this year are not as buoyant as last year and on the aviation side activity in the first quarter was lower than last year.

There was tax credit of £182,000 (£196,000) and an extraordinary credit of £2.08m (nil). Dividend payments absorbed £518,000 (£486,000), leaving retained profits ahead at £4.1m (£3.09m).

Earnings per 25p share emerged down at 44.6p, against 62.9 previously. After current cost adjustments, the pre-tax surplus was reduced to £883,000.

Major change needed in North Sea taxes

SPEAKING at his last annual meeting as chairman of British Petroleum, Sir David Steel called for a major change in the UK's tax arrangements for the North Sea.

He argued that the total tax take was too high; the marginal rate of tax on revenue from the Forties Field was now more than 90 per cent. This was beginning to have a discouraging effect on North Sea effort and a combination of present taxes and uncertainty about future tax was affecting development decisions. Irrefutable evidence that such a disincentive was at work would emerge only several years after the damage had been done.

Sir David also objected to the rule whereby it was impossible to offset BP's onshore UK losses against North Sea profits. This also applied to allowances for investment; although BP was keen to go on investing here, it was getting no tax relief for any such new investment.

The disincentive would be removed if the normal Corporation Tax rules applied to all North Sea profits, which could then be ploughed back into creating jobs and assets in this country, he said.

Another theme of Sir David's speech was diversification, in a world where the role of oil will decline. As the scope for expansion in the oil business was already extremely limited, it seemed right to see how far BP's skills could be engaged elsewhere—in minerals, coal and food.

He said the recent agreed bid by BP's Sohio associate for Kennecott—and Sohio's purchase for $700m of extensive coal interests from U.S. Steel as well as BP's acquisition of Selection Trust, illustrated the international nature of BP's business—around 40 per cent of it in the U.S., widely spread in the rest of the world, and growing rapidly in such countries as Australia.

Sir David will be succeeded as chairman by Mr. Peter Walters.

ENERGY RESOURCES

The offer for sale by Energy Resources and Services of 5m shares at $10 each has been fully subscribed.

UK COMPANY NEWS

Mowlem's cash call as profits improve to £6.3m

CONSTRUCTION group **John Mowlem** has reported a 9.5 per cent rise in pre-tax profits in 1980 to £6.26m and is raising £5.26m by way of a one-for-four rights issue at 138p.

The chairman, Mr. Philip Beck, says the group's forward workload remains good and the outcome for the current year should be satisfactory, but no profit forecast is offered.

A final dividend in respect of 1980 of 6.85p has been proposed, making the total 8.75p, a 9.6 per cent increase and the board intends to maintain the level of the dividend this year on the enlarged share capital.

Mowlem's preliminary statement shows turnover of £240.1m (£190.2m) and profit before *associates of £6.55m (£4.9m)*. Pre-tax profit was £6.26m ((£5.7m). Tax amounted to £1.15m (£1.76m) and net extraordinary credits were £0.9m compared with charges of £67,000, leaving attributable profit up from £3.88m to £6.1m (£3.88m). Dividends absorb £1.38m (£1.26m).

Stated earnings per share are 32.3p (25p) and share-holders' funds are £35.8m or 226p a share compared with £33.8m or 214p a share.

On a CCA basis pre-tax profits are reduced to £3.8m (£3.5m) and attributable profit to £3.6m (£1.6m). *Shareholders' funds are* £40.3m or 255p a share on this basis.

Mr. Beck said the forward workload, including associates is worth £250m against £206m a year ago, and net short-term liquidity is improved. Soiltest, acquired in June, 1980, provided a worthwhile contribution.

The directors say that since the last rights issue in December, 1975, the group has extended its established position in the UK by the acquisition of McTay Engineering. The 1980 acquisition of Soiltest in the U.S. complements the existing laboratory equipment business.

Although liquidity remains adequate, the board believes that profitable growth can best be maintained by an increase in the capital base to permit expansion of existing operations and acquisitions in related businesses.

The *rights issue*, which has been underwritten by Kleinwort, Benson, is being offered to shareholders on the record on April 22. At 138p, the shares are being offered at a 17 per cent discount to the 167p market price on Wednesday night.

Dealings in the new shares in nil paid form *will* begin on May 5 and the final day for acceptances is May 22. Brokers to the issue are Hoare Govett.

● comment

Mowlem's domestic construction business did better than *expected in the second half*, leading the group to solid profit improvement on the year despite losses from some overseas associate contractors. The order book is stronger and the outlook for the engineering side seems brighter as plans for some big process plants advance. The group has net cash balances *of about £4m so the rights issue* is not essential. However, Mowlem does not like to borrow because of the highly uncertain nature of construction profits. The proceeds are probably going to be directed towards acquisitions to continue the diversification into businesses *with higher quality earnings*. Non-construction profits are already about 40 per cent of the total. The shares rose 4p yesterday to 171p where the p/e on fully taxed earnings is under nine and the yield on the nearly twice-covered dividend on a CCA basis is 7.5 per cent.

Blockleys little changed

Following an advance midyear from £94,500 to £177,500 **Blockleys**, manufacturer of facing bricks, finished 1980 with taxable profits little changed at £375,271, compared with £371,986.

Sales for the period rose from £2.82m to £3.25m.

After a tax credit of £197,150 (£199,013 charge) stated earnings *per 20p share* increased from 11.25p to 37.9p.

A final dividend of 4.89p (same) makes a total of 6.64p net, compared with 6.39p.

Hopkinsons in sharp recovery

A FULL recovery from midway losses was achieved by **Hopkinsons Holdings** in the second half of 1980/81. The Huddersfield boiler mounting and valve *manufacturer finished the year* to January 30, 1981 with taxable profit slightly ahead at £1.65m, against £1.57m.

A 15-week industrial stoppage at Hopkinsons Ltd has helped push the company from a £789,000 profit into a £94,000 loss at midterm. Then the directors *said order books* were satisfactory but short term orders were scarce.

Sales for the year edged up to £44.01m (£42.42m). Group trading profit was little changed at £2.12m (£2.15m) before net interest costs of £468,000 against £573,000.

However on a current cost basis the pre-tax figure emerged as a loss of £391,000.

Stated historical earnings per 50p share jumped 6.18p to 14.7p after a tax credit of £15,000 (charge £601,000). The net total dividend is held at 5.65p by same-again final of 4.15p, which *absorbs £464,800*.

The attributable surplus reached £1.67m (£972,000).

● comment

Six months ago **Hopkinson's Holdings** produced some gloomy figures after a strike in its largest operating unit had stopped production for almost four months. The shares then stood at 55p — capitalising the group at around 25 per cent of book assets. This discount, combined with a maintained interim, provoked enough buying to lift the shares substantially even before the market began its recent *climb*. Yesterday they rose 4p to 96p, 20 per cent above their highest price in 1980 — pre-strike — which seems the most relevant comparison. The shares now yield 8.7 per cent and sell on a multiple of 13 times fully-taxed earnings, which does not seem too expensive. Indeed, given the general re-rating of engineering shares, it could be argued that the price gives insufficient recognition to Hopkinson's very full recovery in the second half, which more than recouped the ground lost earlier.

Little change at Watmoughs

Mr. Patrick Walker, chairman of **Watmoughs (Holdings)**, colour printer, publisher and process engraver, told the annual meet*ing that group* turnover in the first quarter of 1981 had increased in accordance with expectations. Apart from that, however, he said little had changed since he commented in the annual report on the outlook facing the company.

He told shareholders that the directors believed that, subject to no unforeseen circumstances, further progress could be achieved.

Acquisition costs reduce Yule Catto to £2.39m

PROFITS of **Yule Catto and Company**, the plantations group, have been materially affected by acquisitions made last year and for the 14 months to end-December, 1980, the pre-tax figure emerged at £2.39m, compared with £3.46m for the year to October 27, 1979.

Lord Catto, the chairman, explains that the cost of an initial 29 per cent investment in Revertex Chemicals (now 100 per cent held) was borne by the group and the 20 per cent stake in Gas and Oil Acreage was financed throughout the period by Yule Catto.

However, he says that these two acquisitions have increased significantly the group's asset base and at December, 1980, assets per 10p ordinary share stood at 117p, against 77.7p as at October 27, 1979.

After six months profits before tax were £1.19m (£1.31m).

Only two seasonally poor months of Revertex are included in the figures for the 14 months —full control was taken in October, 1980.

Turnover for the 14 months increased to £36.39m (£21.29m for the year) but trading profits were down 7 per cent, from £3.13m to £2.9m. As a consequence of the consolidation of Revertex in the group accounts, there was an elimination of £192,000 of trading profit on unrealised stock held by Revertex Malaysia at year-end.

With the exception of Yule Catto Plantations (affected by adverse exchange rates) all businesses which were part of the group before 1980 showed increases in profit — which the directors say was very satisfactory in the light of economic circumstances.

The current year results will include a full year for Revertex and it is expected that Gas and Oil Acreage will benefit from the start up of production of the Buchan field in the North Sea which would lead to Gas and Oil's first reported profit.

Tax for the 14 months took £1.34m (£1.6m) leaving a net balance of £1.05m (£1.85m) and stated earnings per share of 2.61p (7.92p) and on a nil basis 3.23p (7.92p).

At the attributable level the profit emerged at £903,000 (£1.42m) after minorities of £553,000 (£539,000) and extraordinary credits from the sale of an investment in Viking Oil of £406,000 (£106,000). The attributable profit was also struck after losses from the acquisitions made in 1980 of £368,000.

A final dividend of 1.2p (same) on the enlarged capital maintains the total at 2p net.

The directors state that in September last year Revertex reported that owing to reduced UK demand its profits would be lower than the forecast made at the time of the revised offer in July. The final outcome was materially lower due in part to an accounting deficiency within one of the Revertex subsidiaries. The directors say they have taken a most serious view of this anud are at present exploring fully what steps they can take to protect the company's interests.

A major new trading operation has been brought into the group balance sheet and the book values of all the enlarged group's assets have been reviewed by the directors and incorporated in the accounts, resulting in the stated increase in net tangible assets.

The reason for the extension of the accounting period was to align all the companies within the enlarged group.

At December 31, 1980, shareholders' funds totalled £25.41m (£12.91m).

● comment

It has been an exceedingly busy year for Yule Catto and the acquisitions of Revertex and a 20 per cent stake in GOAL figured prominently in distorting the group's p and l account and balance sheet. Financing costs for both of these meant that the group paid out £630,000 in interest against an interest received figure of £177,000 in 1979. The Malaysian plantations business did not do well, losing around £200,000 in exchange translation between the Malaysian dollar and sterling. There was also a stock write-off of *£192,000 in* Malaysia. The plantations business continues to make up around 60 per cent of group trading profits. Meanwhile shareholders' funds are up significantly, but the Revertex acquisition already cost £370,000 in losses (in just two months last year). This year the GOAL stake in the Buchan field should bring about some profits, but nothing significant until later in 1981 or next year. At 85p, unchanged last night, the shares yield 3.4 per cent on a maintained total; the stated earnings on a net basis produce an irrelevant p/e above 30.

BORDER BREWERIES

A LITTLE changed second half left taxable profit at **Border Breweries (Wrexham)** down from £1m to £903,701 for the year February 28, 1981, on sales of £14.08m, against £13.43m.

Midway, when profit was down £84,000 at £474,000, the company said volume sales were lower and the rest of the year did not look very promising.

With tax taking £330,688 (£311,594) stated earnings per 25p share dipped to 10.55p (12.7p). However an increased net final of 3.6p lifts total dividend to 4.9p (4.5p).

Current cost profit for the year was £661,000.

SENNAH RBR.

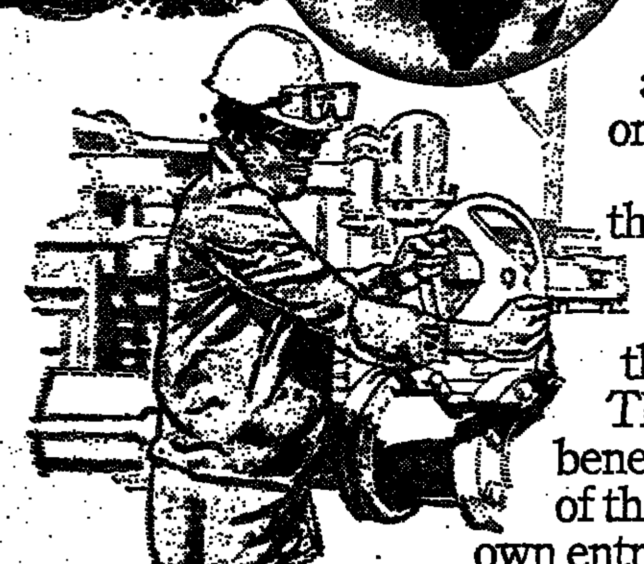
Pre-tax profits of **Sennah Rubber Company** for 1980 slipped from £507,984 to £380,014 and the net balance emerged at £311,644, compared with £423,597. The dividend for the year is maintained at 40p gross.

Mines and metals worldwide give financial strength to RTZ

RTZ is a British-based international group of mining and industrial companies with worldwide interests in almost every major metal and fuel.

The development of the group is based on the acceptance of a true social responsibility towards employees, shareholders, customers and communities in the countries where the group operates. This is an evolutionary process which recognises the need to respond to changes in society and changes in the standards of acceptable behaviour.

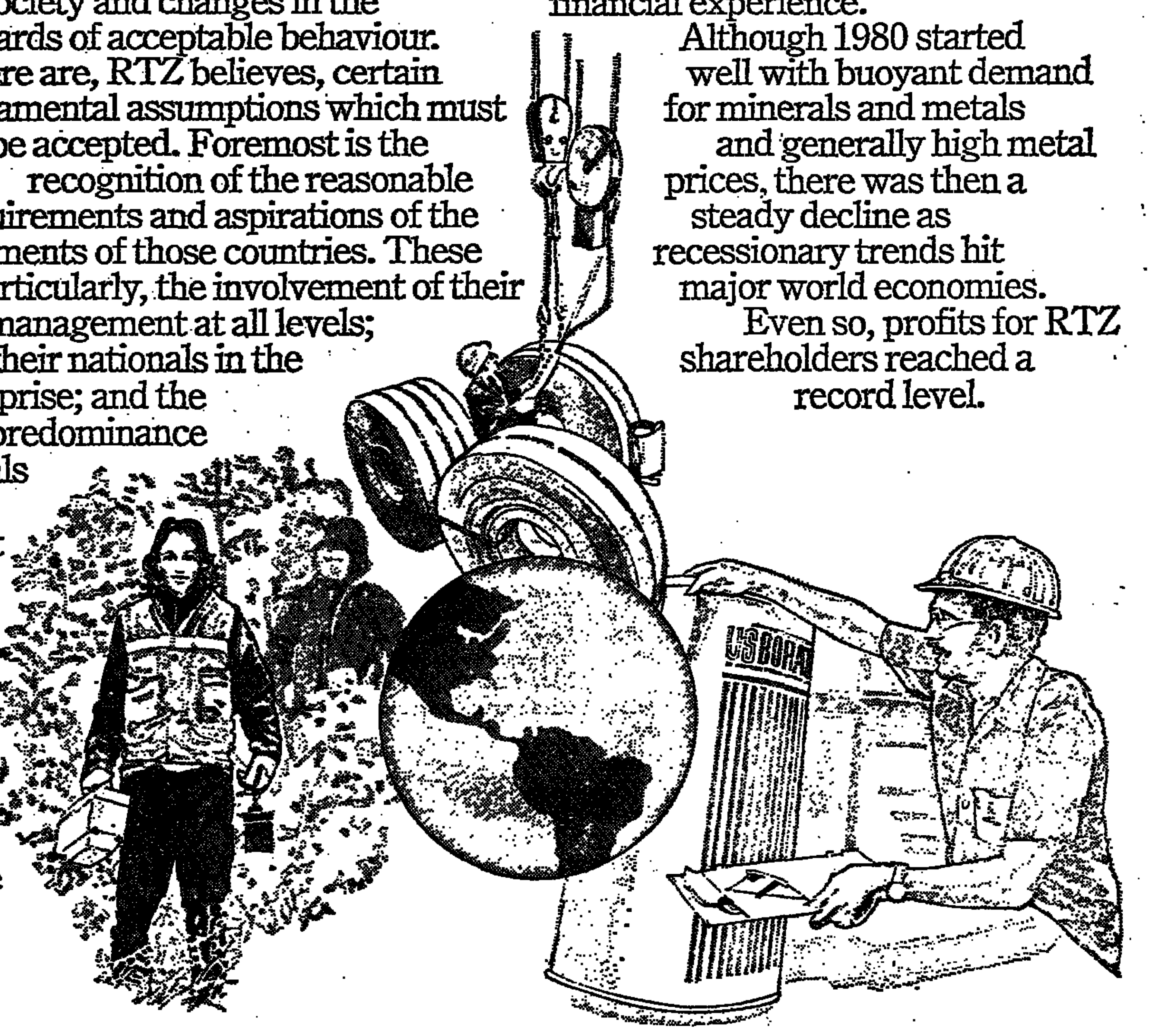
There are, RTZ believes, certain fundamental assumptions which must be accepted. Foremost is the recognition of the reasonable requirements and aspirations of the governments of those countries. These include, particularly, the involvement of their own nationals in management at all levels; the participation of their nationals in the profit of the enterprise; and the assurance through the predominance on their boards of nationals of their country, that its operations are not conducted in a manner which is contrary to the national interest.

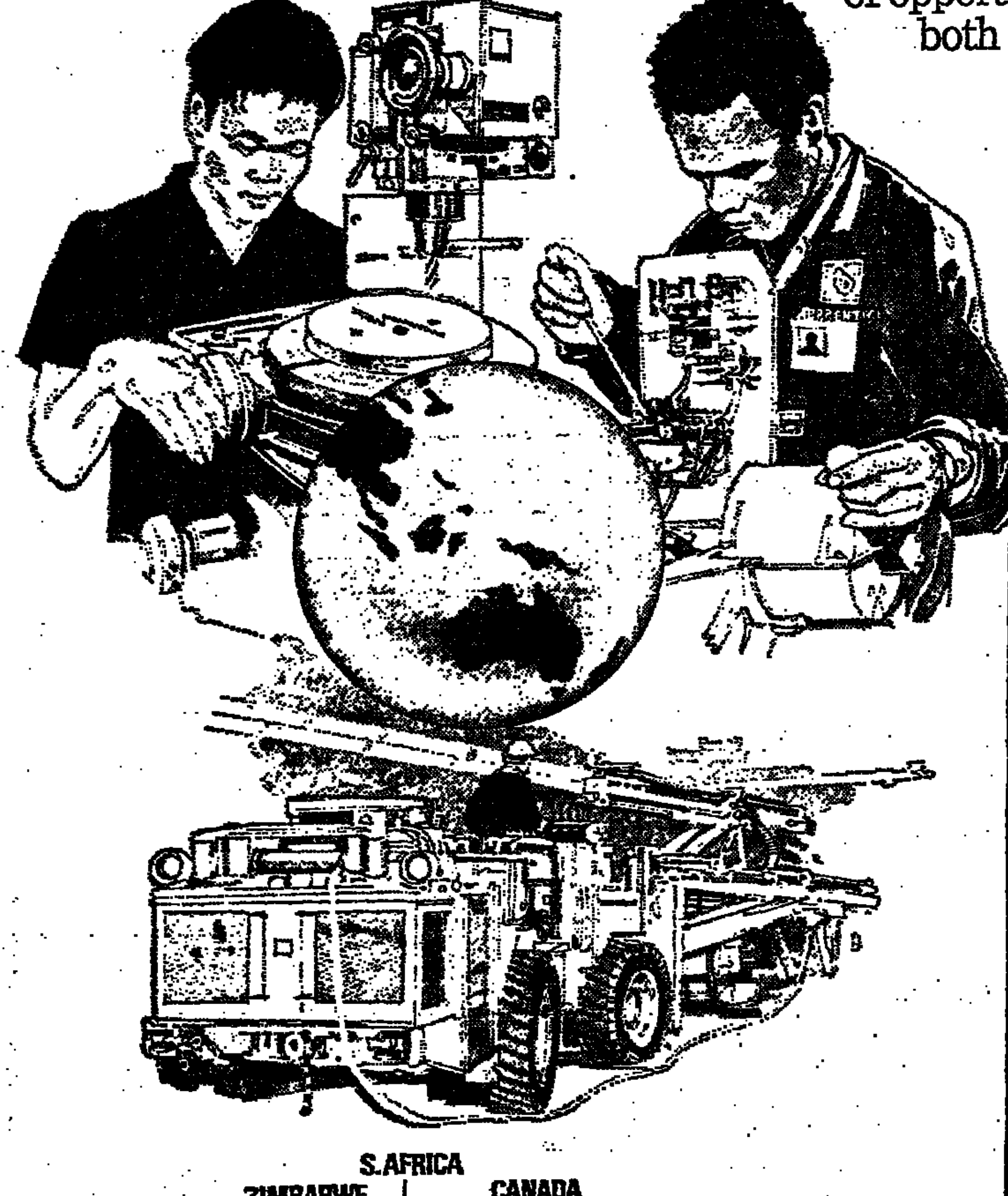


This brings the further benefit that each member of the group develops its own entrepreneurial attitudes and executes its own commercial policy, seeking to take advantage of opportunities which both expand its earning power and benefit the community in which it works. It is only in this way that there can emerge in the many companies separated by great distances and different cultures and environments a mutual respect for each other, and for the benefits to be derived from the willing interchange of technological and financial experience.

Although 1980 started well with buoyant demand for minerals and metals and generally high metal prices, there was then a steady decline as recessionary trends hit major world economies.

Even so, profits for RTZ shareholders reached a record level.





In his statement to shareholders, the chairman, Sir Anthony Tuke, said:

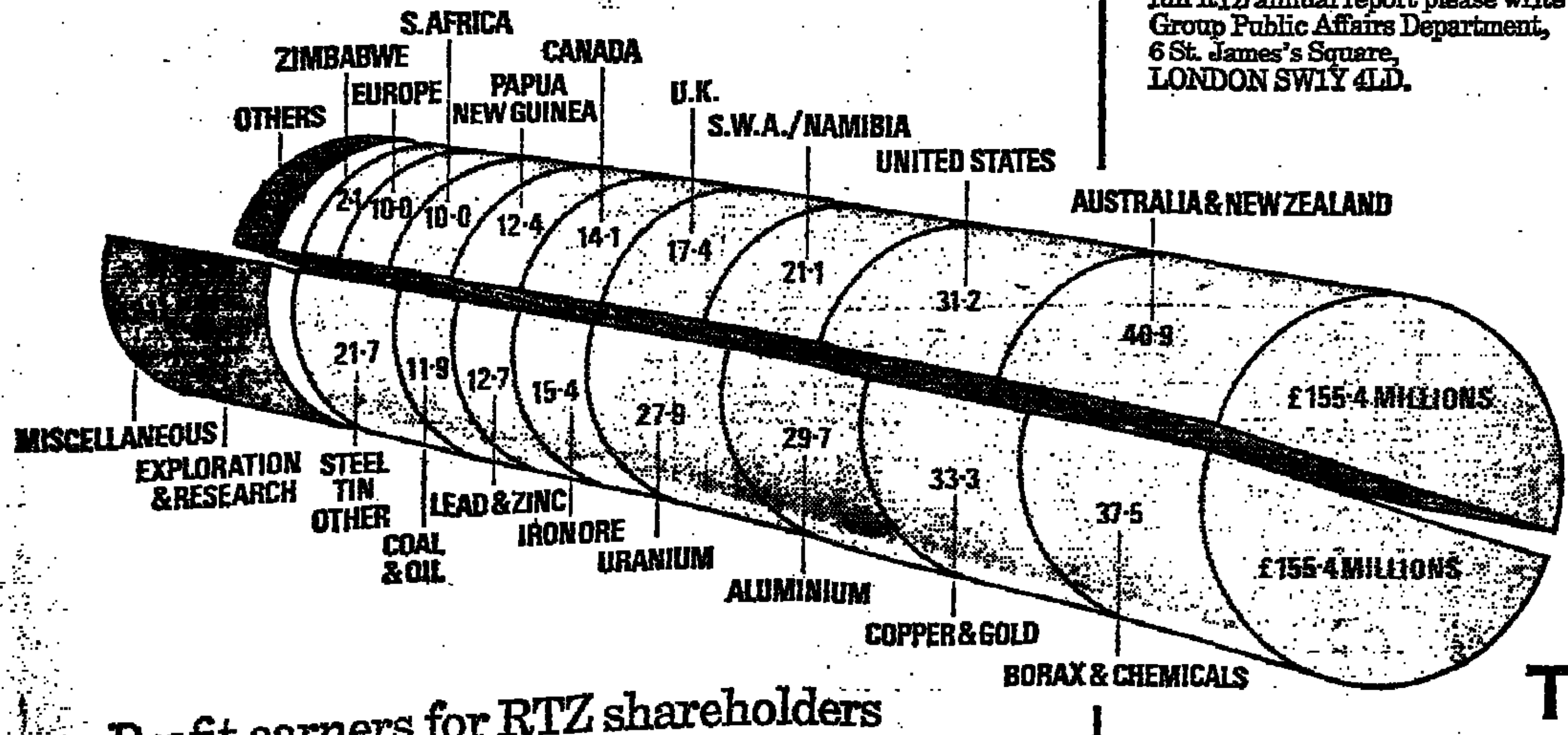
Future Outlook

Although metal markets in general remain weak because of world recession there are some tentative stirrings of recovery. Demand is rising well for metal-containing products in many less developed countries and particularly in the oil exporting countries, as well as in Australia and South Africa. After a pause in the second quarter, the United States is expected to revive as confidence improves and the proposed tax cuts work through, and the Japanese government has recently taken steps to improve its flagging economy. Although Europe remains economically weak the run down of stocks appears to have finished, and the chances of an upturn after the summer have strengthened. Stocks in consumers' hands and of production in the pipeline have been reduced to a minimum and the present recession differs from the 1975 decline in that producers of most metals reacted much more rapidly to a downturn of demand and stocks of metal have not been greatly increased. Furthermore, the substantial overcapacity of the mid-1970s has been eroded by cost pressures and a growth of demand. For these reasons any revival of final demand should quickly work through to metal markets in the latter part of 1981.

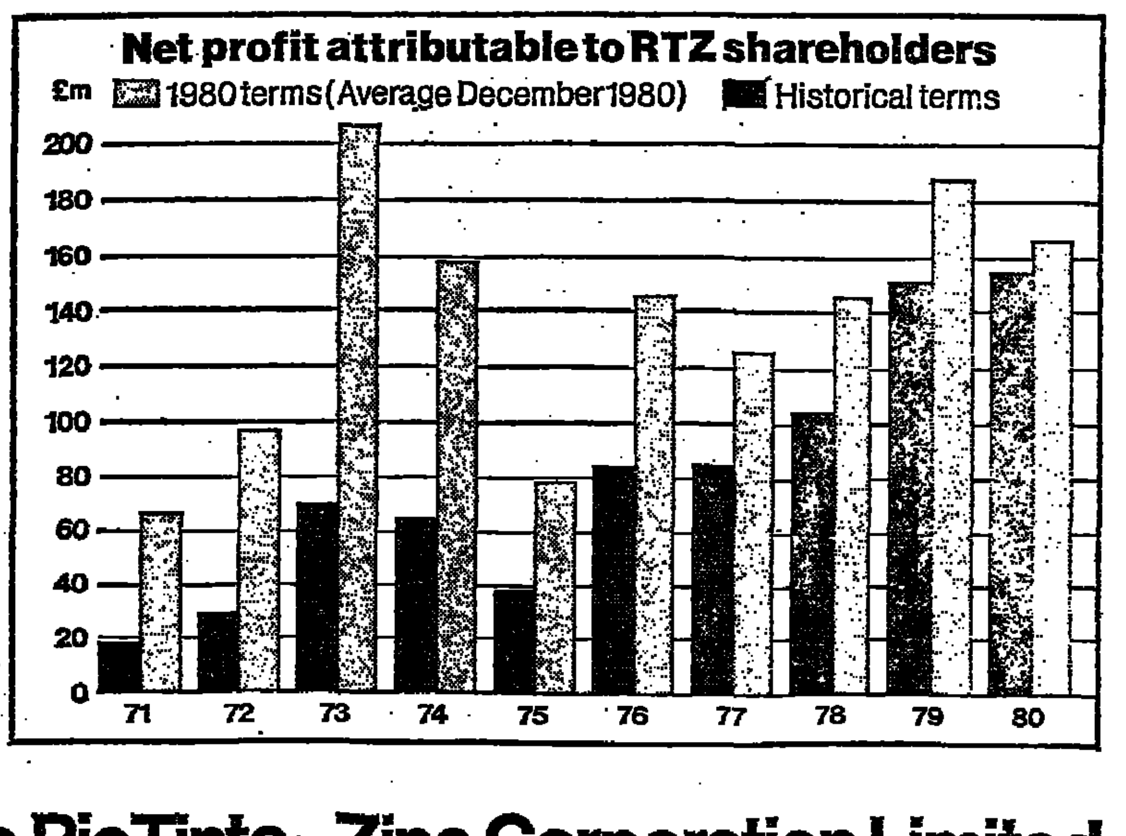
RTZ's wide spread of activities enables it to ride the recession better than most other natural resource companies, but it is already clear that earnings in the first half of 1981 are likely to be lower than those for the first half of 1980. As RTZ's profitability remains sensitive to the general level of metal prices, and in view of the uncertainty on exchange rates for sterling, it is not possible at this stage to express a firm view about earning prospects for the year as a whole.

Expenditure on energy conservation of all types, in which RTZ companies have a sizeable direct stake, has been sustained through the recession and, looking beyond 1981, there are good chances of an investment led boom in energy related industries that will benefit most metals. With its low cost mines, producing a range of metals in a variety of geographical locations, the RTZ Group is well placed to take advantage of the upturn.

If you would like a copy of the full RTZ annual report please write to:
Group Public Affairs Department,
6 St. James's Square,
LONDON SW1Y 4LD.



Profit earners for RTZ shareholders



The RioTinto-Zinc Corporation Limited

MINING NEWS

Gold Fields new Australian merger terms

BY KENNETH MARSTON, MINING EDITOR

THE RISK that shareholders in the subsidiaries of Consolidated Gold Fields Australia would not accept the corporate reorganisation and "Australianisation" merger plans has resulted in a revision of the original bid terms.

The group has thus bowed to market pressures and significantly improved the terms of the deals in order to guarantee the success of the proposed Renison Goldfields Consolidated (RGC) which will represent the merger of Consolidated Gold Fields Australia, Renison, Associated Minerals Consolidated and Mount Lyell.

The main plank of the revised terms is that the UK parent, Consolidated Gold Fields, will inject an extra A$12.8m (£6.9m), making A$42.2m, into the new group and its holding in the latter will fall to slightly less than 49 per cent compared with 49.4 per cent under the original terms.

Under the revised terms holders of every 100 shares in CGFA will be offered 53 ordinary shares in the new RGC holding company, 36 RGC deferred shares and A$180 cash. This compares with the previous offer of 50 RGC ordinary shares, 36 deferred shares and A$153.

For every 100 Renison there is offered 100 RGC ordinary shares and A$400, previously the cash payment was A$351. For AMC holders the terms remain as before at 28 RGC ordinary shares and A$58 for every 100 AMC.

Holders of every 100 fully paid shares in Mount Lyell will get 21 RGC ordinary shares and A$83; for every 100 partly paid shares there will be 9 RGC ordinary shares and A$44. Previously fully paid holders were offered 21 RGC and A$43 while partly paid holders were offered 9RGC and A$29.

In London yesterday shares of Renison rose 20p to 475p; AMC 10p to 115p; Mount Lyell 10p to 100p; while CGFA were unchanged at 315p.

Hudbay's spending plans

THE Anglo American Corporation group's Hudson Bay Mining and Smelting plans to double its capital spending this year to C$163m (£63.6m). Of this, C$70m will be on account of the metals sector, C$84m on petroleum and C$8.5m on chemicals and fertilisers.

In addition, Hudbay's 50 per cent-owned Inspiration Consolidated Copper has a 1981 capital expenditure budget of U.S. $63m. This will go towards the modernisation programme which will return the smelter's production capacity to 160,000 tonnes of copper a year from 100,000 tonnes.

Hudbay's metal sector expenditure will include C$41.4m on major projects. The division has three new base metal mines under construction in the Flin Flon-Snow Lake area of Manitoba.

Meanwhile, the combination of lower metal prices and a fall in copper production at the loss-making Inspiration has resulted in Hudbay's first quarter earnings falling to C$825,000 from C$20.6m in the same quarter of last year when there was also an extraordinary gain of C$21m largely from the sale of shares in Rosario Resources.

Lower earnings at Rio Algom

IN LINE with the general downtrend in profits of the base metal producers, the Rio Tinto-Zinc group's Canadian Rio Algom reports reduced first quarter earnings of C$19.2m (£7.44m), equal to C$1.27 per share, this compares with C$30.4m a year ago and the 1980 total of C$77.5m.

The latest results reflect the setback at the 68.1 per cent-owned Lornex mine which was hit by lower prices for copper, silver and molybdenum together with reduced production of the last-named metal. However, Rio Algom's uranium earnings rose in line with higher contract prices and increased production.

Steel revenue improved with increased sales, but profit margins were reduced and this resulted in lower earnings. Rio Algom is declaring a maintained half-yearly dividend of 75 cents.

PANCONTINENTAL SCALES DOWN JABILUKA PLANS

The proposed development of the Jabiluka uranium prospect in Australia's Northern Territory has been scaled down, largely as a result of the current softness in the market for uranium.

The project, a joint venture between Pancontinental Mining with 65 per cent and Getty Oil Development with 35 per cent, has faced considerable opposition from local Aboriginals ever since it was discovered in 1972. Late last year, Pancontinental went some way towards calming environmental opposition by deciding to mine the deposit by underground methods.

At a recent meeting following the completion of hearings on the Aboriginal land claim, the Northern Land Council, which groups the interests of the traditional land-owners, was asked to open formal negotiations with Pancontinental.

MacLellan holds payout

TAXABLE profits of P. and W. MacLellan, the Glasgow-based engicer and paint manufacturer and supplier, fell from £134,000 to £78,000 for 1980 on turnover down from £5.89m to £5.57m.

In spite of the poor profitability, the directors say the group's improved finacial position and better prospects warrant a maintained final dividend of 0.9p, making a net total for the year of 1.43p.

The board says the results reflect not only the difficult trading conditions of the recession but also the interruption of normal trading when major reorganisation was in progress.

In 1980, the group closed its steel stockholders and structural engineering businesses at a net cost of £382,000.

The directors say the completion of contracts and the sale of surplus stock following this decision is nearing completion and the company is now seeing the benefits of the consequent reduction in borrowings.

It is anticipated these will be reduced to approximately £300,000 by the end of this year.

The group showed an attributable loss of £321,000, against a profit last time of £64,000, after tax of £17,000 (same) and an extraordinary debit of £382,000 (£53,000).

TAYLOR WOODROW

Taywood Energy Services, the Houston, U.S., affiliate of Taylor Woodrow Group, is exercising its option to acquire a further 20 per cent interest in Brian Watt Associates (BWA).

Taywood now has a substantial holding in this Houston-based offshore engineering company.

In addition to its activities in the Arctic and deep water frontiers, BWA is drawing on Taywood's extensive North Sea experience in providing design and project management of conventional offshore systems in the U.S. and elsewhere.

Humbly Grove oil estimates

The Hampshire-based Humbly Grove oilfield operated by Carless Capel may contain between 20m and 25m barrels of reserves. This was the estimate made yesterday by Mr. Richard Gusella, president of Sceptre Resources, the Canadian oil company which holds 45 per cent of Candecca Resources, one of the partners in Humbly Grove.

Mr. Gusella, in the UK this week, said the first well was now producing around 100 barrels per day and this was being transported by lorry-tankers from the site near the A32.

"We need to drill one or two more wells before making a final estimate," said Mr. Gusella, but he added that there could be 20m to 25m barrels "in place."

Mr. Gusella said the consortium of Carless, Candecca, Cambrian Exploration, Marinex Petroleum and Hadson Oil UK Onshore was now awaiting approval for the drilling of further development wells in the Humbly Grove area.

Mr. John Leonard, chairman of Carless Capel, declined yesterday to confirm the reserve estimate, but said the group was now in consultations and hoped to drill three appraisal wells later this year.

MONTHLY AVERAGES OF STOCK INDICES

—	April.	March	February	January
Financial Times				
Government Securities	69.43	69.54	69.23	68.70
Fixed Interest	71.25	71.39	70.85	70.46
Industrial Ordinary	559.2	497.4	487.0	459.6
Gold Mines	350.7	336.2	328.7	354.7
Total Bargains	27,673	25,687	22,827	19,480
F.T.— Actuaries				
Industrial Group	297.08	269.41	261.60	247.57
500 Share	337.09	314.59	309.19	297.83
Financial Group	259.67	248.73	243.53	232.64
All-Share (750)	320.72	301.24	298.20	284.73

	High	Low
Industrial Ordinary	597.3 (30th)	525.9 (7th)
All-Share	332.10 (30th)	309.41 (7th)

£1.9m loan stock issue by Crouch

CROUCH GROUP, the international property development and construction company, is raising £1.9m by a rights issue of 9 per cent convertible unsecured loan stock.

The board estimates that profit before tax in the year to March 31, 1981, was £485,000 compared with £693,000 and intends to recommend an unchanged final dividend for the year of 3.325p.

The directors say the loan stock will strengthen the group's long-term capital base, replacing certain short-term borrowings.

This will enable the group to expand, particularly its programme of developing selected commercial sites and buildings in the UK and North America.

Crouch wants to reduce its dependence on the cyclical house building and construction industries and to expand its industrial and commercial property development activities.

Taking into account the estimated trading results and dividends for the year, the board now estimates the net asset value of the group at March 31, 1981, was approximately £7.05m or 176p a share compared with £6.19m or 155p a share a year earlier.

The 1980-81 results include an extraordinary provision of £265,000 against the outstanding balance of the loan to a former subsidiary, Crouch (Ireland). The board estimates that after tax charges of £340,000 (£75,000), attributable earnings were £145,000 (£618,000).

The £2m in loan stock 1993-96 will be convertible into ordinary shares from 1984 to 1993 at the rate of 58 shares for each £100 nominal of stock, or 172.4p a share.

The issue has been underwritten by Charterhouse Japhet and brokers to the issue are McAnally, Montgomery. An EGM is to be held on May 18 to approve the necessary increase in authorised share capital.

Dealings in the stock are to begin on May 19 and the final date for acceptances is June 8.

● **comment**

The 14p fall in the Crouch share price yesterday to 156p is a natural response to the terms of the loan stock issue. The conversion premium on Wednesday's market close is only 1 per cent and the 9 per cent coupon on the stock looks considerably more attractive than the 4.1 per cent yield on the shares. Crouch's estimated 1980-81 profit of less than £½m is after the sale of an office building in New York for a gross profit of $2.9m and the disposal of two other office blocks. The group's lengthy transformation into a property company continues. Anyone wishing to stay with Crouch should exercise his rights to the stock and perhaps also consider then switching out of the shares for more stock, provided the premium on the stock is modest.

Scottish Heritable

A STEEP fall in pre-tax profits for Scottish Heritable Trust in the second half of 1980 left the outturn for the year down from a record £1.33m to £444,061. Turnover by this property and carpets and hairdressing supplies distributor was better at £20.93m, against £19.68m.

Net profit for the 12 months came out lower at £294,494, compared with £1.15m but the total net dividend is maintained at 2.5p by a same-again final of 1.5p.

UK COMPANY NEWS

NU long-term funds pass £2bn

TOTAL LONG-TERM funds of the Norwich Union Insurance Group passed the £2bn level last year reaching £2.1bn at the end of 1980, against £1.76bn at the beginning. Premium income improved by 18 per cent from £299m to £353m and investment income by 14 per cent from £195m to £227m. Claims and expenses were 20 per cent higher at £253m.

The group is one of the largest property developers in the UK and the value of its property portfolio just passed the £1bn mark by the end of the year. The group invested £78m in property of its £266m of new money available for investment last year, with only £60m in gilts and a further £67m in equities. Unlike many other life insurance groups, the NU did not invest heavily overseas in 1980, putting £17m in U.S. common stocks.

Norwich Union Fire, the general insurance subsidiary of the group, last year recorded an underwriting loss of £3m after five successive years of profits. The turnround came mainly from a £9m loss in motor business in UK and Republic of Ireland. The group was particularly bit by theft claims—stolen cars were 19 per cent higher, while motor cycle claims were up by 24 per cent and there was a rise in theft claims from private dwellings. Investment income rose by 15 per cent from £32.5m to £37.6m, leading to a pre-tax profit of £32.3m—£4m lower than in 1979.

The NU's banking subsidiaries produced satisfactory results in 1980. Norwich General Trust, whose principal business is commercial mortgages, had an unchanged £6m pre-tax profit while A. P. Bank improved pre-tax profits from £800,000 to £1.25m.

Legal and General not heavy overseas investor

THE Legal and General Group, the largest pension company and the second largest life company in the UK, was not a heavy overseas investor last year, unlike many other major life groups.

Of the new money available for investment last year on life and pension funds, amounting to £250m, only £12m was invested in overseas equities with a further £48m invested in UK equities, making a total £60m invested in ordinary shares. A further £32m was invested in property, the remainder being put into gilts to match the liabilities of the funds.

Long-term funds advanced by nearly £1bn during the year, totalling £4.81bn at the end of 1980 against £3.88bn at the beginning. The long-term assets were distributed 30 per cent gilts (£1.49bn), 25 per cent equities (£1.24bn) and 33 per cent property (£1.63bn) with deposits, mortgages, loans and other fixed interest securities accounting for the remainder.

As already reported, the group improved net profits from £15.9m to £21.4m, after cutting underwriting losses on general insurance business from £20.9m to £15.5m. The report and accounts attribute the underwriting improvement mostly to favourable weather resulting in better results on the household account. But despite premium increases the motor account is still not producing a satisfactory result, and further rate increases have been announced for 1981.

Higher interest income lifts Churchbury 26%

HIGHER INTEREST and investment income enabled Churchbury Estates, the property investment group, to increase pre-tax profits by 26.6 per cent from £438,529 to £555,429 for the year to the end of March 1981.

Gross revenue for the year was up from £729,581 to £882,466.

Earnings per 25p share rose by 22.9 per cent from 14.6 to 17.9p, and the directors are recommending an increased final dividend of 8p (6.5p), making a net total for the year of 12p, against 9p.

In a statement with the annual report, Mr. Oliver Marriott, chairman, says the profits were held down by compensation of £77,839 paid to a former director, Mr. Michael Hart, who resigned on December 31 with four years remaining on his service contract.

Rental income was lower because of property sales which totalled £1.21m against their 1977 book value of £835,000. Over the year the number of properties owned was reduced from 48 to 21.

Mr. Marriott says the board's objective is to have a small number of invetment so that any appreciation in each investment can have a worthwhile impact on the value of the company as a whole.

He expects the company to make further progress this year.

The pre-tax surplus was stduck after administration expenses of £251,904 (£144,164) and interest charges of £75,133 (£82,888).

Attributable profits were £286,484 (£233,100) after tax of £268,945 (£205,429). Dividends absorbed £192,000 (£144,000), leaving retained profits of £94,484 (£89,100).

Capital profits after chapital charges and taxation came to £396,725 (£1.27m) with a similar amount being transferred to the capital reserve.

The group balance sheet at the year end shows shareholders' funds of £9.35m (£6.3m), fixed assets of £7.01m (£4.29m) and net current assets of £359,000 (£1.6m).

Mr. Marriott reports that a valuation of the group's investment properties on an open market basis at the year end shows a net surplus of £2.3m.

EIRE SUBSIDIARY FOR ABBEY LIFE

Abbey Life Assurance Company has established a wholly-owned subsidiary in Eire. It was granted a licence to operate on April 8 by Eire's Minister of Commerce, and will open for business at the end of May.

Nearly all of the premium income received by Abbey Life Ireland will be invested in Eire as required by Irish and EEC legislation.

Alex. Howden expects 'return to growth pattern'

MR. KENNETH GROB, chairman of Alexander Howden, the Lloyd's insurance broker with large underwriting interests, told shareholders at the annual general meeting that he believed that the group "should return to a growth pattern" in the current year.

The first quarter of the current year had produced "a very nice increase in profits," said Mr. Grob, partly due to the more favourable movement of exchange rates.

After the meeting, Mr. Grob indicated that broking profits, including investment income, had shown a 26 per cent increase.

Mr. Ron Comery, a Howden director, indicated after the meeting that litigation was still outstanding on the group's purchase of Harlock and Galli, an Australian subsidiary. Howden has taken legal action against various parties in connection with the purchase. Although this Australian subsidiary made losses Howden expects to turn it round into profitability.

During the meeting the board was asked by a shareholder about the 36 per cent increase in auditors fees to £496,000.

A representative for the auditors, Josolyne Layton-Bennett, said that a large part of the auditors fees were received by overseas auditors and could not claim that his firm had beneficially gained.

Mr. Grob said that auditors fees were watched closely. He pointed out that in the past 12 months the structure of the company had changed considerably, and comparison with the previous year's auditors fees was not appropriate.

S. Simpson halfway reverse

TAILOR and clothier S. Simpson slipped into the red for the half year to the end of January 1981 on a reduced turnover of £10.65m for 26 weeks, against £11.62m for 27 weeks.

The group incurred a pre-tax loss of £387,000, compared with a profit last time of £506,000, and the directors are recommending a reduced interim dividend of 1p (1.3125p).

In the previous full year, the company paid a net total dividend of 4.2625p and reported pre-tax profits of £1.04m.

There was a tax credit of £201,000, against a charge last time of £263,000 and an extraordinary debit of £47,000 (£57,000).

Mr. S. L. Simpson, chairman, says the current indications of potential improvement and the recent weakening of the pound in relation to the dollar, as well as the slight fall in interest rates, are in keeping with the confidence the board has expressed in the group's ability to respond to an upturn in the economy.

U.S. DEB. CORP.

Following the conversion of £148,189 of United States Debenture Corporation's 5 per cent convertible unsecured loan stock the company intends to compulsory convert the balance of £223,616. Repayment will be made on August 27, 1981 at par plus interest accrued up to and including that date.

BSG incurs near £5m loss and omits dividend

IN A particularly bad year for B.S.G. International, trading surplus plunged from £10.65m to £2.3m and after higher interest charges, the motor distribution and components group incurred a pre-tax loss for 1980 of £4.96m, against £5.02m profit previously. Turnover fell by £33.6m to £267m.

At halfway, the group reported a dive into the red with a loss, before tax, of £440,000 (£4.16m profit). Following the omission of the interim, no dividend is being paid for the year in view of the results.

Urgent action has been taken since the middle of 1980 to rationalise and strengthen the group. Economies have been made at all levels to reduce operating expenses and as a result, the first three months' trading for 1981 has shown a small profit.

Mr. H. A. Whitall, the recently appointed chairman, says that with the plans still in mind for additional rationalisation, and provided business in general continues to improve, or at the worst does not deteriorate further, he looks to the future with confidence and is convinced that the group has excellent prospects.

A reduction in new vehicle registrations caused a decrease in the group's margins because of price cutting. In addition to its dealerships, this affected the whole of its manufacturing operations associated with the motor industry.

Extraordinary items of £3.46m (£9,000) have been charged against 1980 profits, arising from closure and redundancy costs. In view of the year's loss, no credit has been taken against these items for tax relief amounting to £1.8m, which will be used against trading profits of certain subsidiaries. Comparative figures are net of £0.4m tax relief.

The Bristol Street Motors dealerships at Hendon and Derby, together with two at Stoke have been closed. A large Ford part distribution company in Birmingham, Britax companies in Holland and Belgium and Joris Glass in Wembley have also been closed, in addition to 20 other factories, showrooms and warehouses previously used by continuing companies.

Tax took £13,000 (£1.57m) and after all charges, the loss retained was £8.38m, against profit of £1.77m. Stated loss per 10p share was 7.48p (4.7p earnings).

At December 31, 1980, borrowings were little changed over the level of the previous year end and with losses having reduced reserves, gearing has again worsened.

It is expected that the vacant properties will realise a profit on sale of around £0.75m which has not been taken into the group balance sheet.

The group has taken out of its accounts the item of goodwill which at December 31, 1979, stood at £12.6m and this has been netted against reserves.

Current cost figures show an increase of £2.38m in the loss before tax, and on this basis loss per share was 11.04p.

• comment

Last year was an unmitigated disaster for BSG. The group lost a quarter of its net worth, ended the year with a capital gearing level of 160 per cent, slashed a fifth of its workforce and closed nearly a fifth of its vehicle distribution outlets. A new chairman is now in control of the company and after major surgery which contained into the first quarter, there are now signs of a modest recovery. The vehicle distribution side (70 per cent of the business) is still experiencing volume drops—cars are down 28 per cent and trucks 30 per cent. But the manufacturing side is beginning to claw back, with the resumption of a £2m Talbot order in Iran and new business for the Mini Metro. In the first half of this year the company might make a pre-tax profit of around £½m, but it is unlikely that a dividend will be paid. For the full year, the group could make between £1.5m and £2m pre-tax and shareholders might expect a nominal dividend payout. The shares closed last night at 21p capitalising BSG at £13.8m.

ANGLO ARGENTINE

Anglo Argentine Tramways' listing on the Stock Exchange has been temporarily suspended

Cradley Printing Company Limited

INTERIM REPORT FOR HALF-YEAR ENDED 31st DECEMBER 1980

In £000s	Year ended 30.6.80	Half-year ended 31.12.79	Half-year ended 31.12.80
SUMMARY OF GROUP RESULTS (Unaudited)			
Sales (excluding inter-group sales)	2,882	1,387	1,575
Trading Profit	371	158	169
Investment Income	17	8	11
Profit before tax	388	166	180
Taxation	120	48	69
Profit after tax	268	118	111

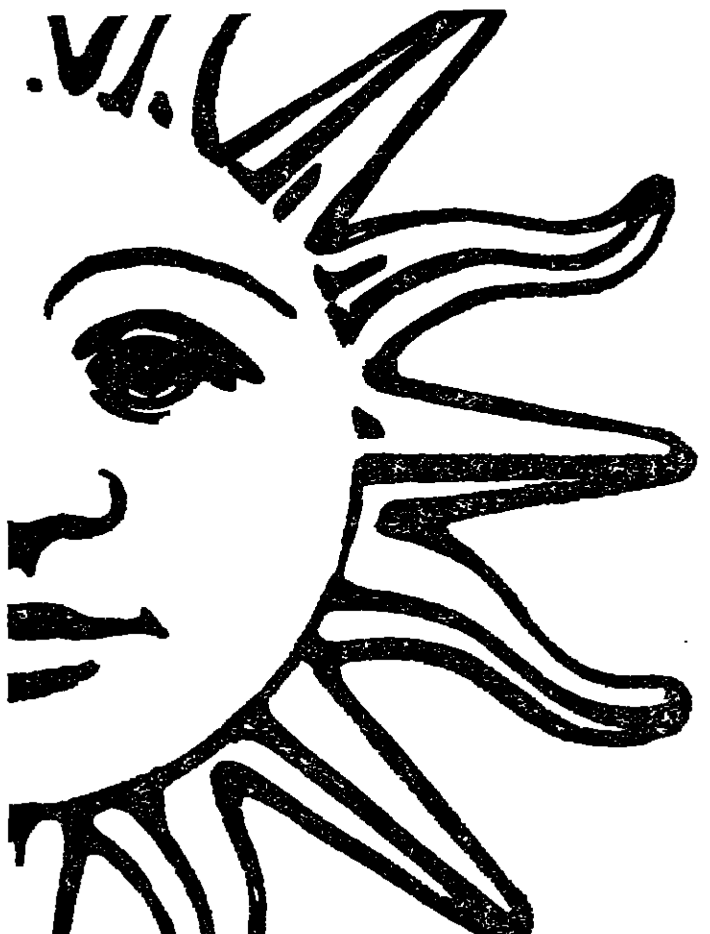
Chairman's Statement on Interim Report for half-year ended 31st December 1980

It is gratifying to report that despite the deep recession now affecting the country in general and the Print industry in particular we have still managed to improve our turnover and retain the whole of our labour force without recourse to short time working or redundancies. However, inevitably profit margins have been affected by almost suicidal price cutting in the industry coupled with the impact of rising costs such as Rates, Electricity, Gas, Fuel Oil and Wages, virtually none of which can be recovered by increasing prices. You will therefore note that Profit after tax is slightly reduced when compared with the relevant figures of last year, and the percentage of Profit to Turnover is also down, albeit not to a completely unacceptable level.

I made mention in my last Annual Statement that we were still continuing our expansion policies and such has been the case. Our second mini-web machine is now in operation and further expenditure is committed for additional finishing department equipment. It is also our intention to extend our production facilities by adding a further bay to our factory in Chester Road, and planning permission for this has now been received from Sandwell Council.

Obviously our enthusiasm for expansion has to be tempered with caution, for, with profit margins falling and the amount of bad debts becoming more and more prevalent, it would be imprudent in the current economic climate for us to commit ourselves further until the recession has "bottomed out." Hopefully we may then be able to recover a more realistic return on our costs, and take full advantage of the upturn in trade when it occurs.

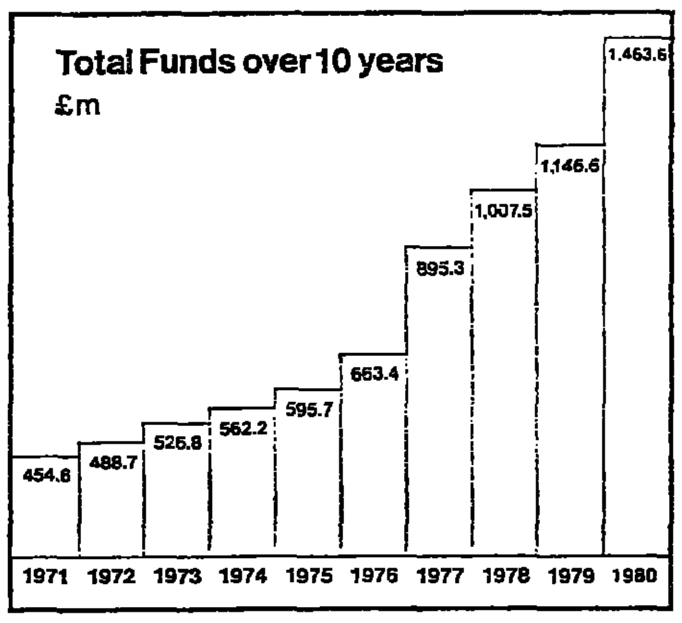
D. JORDAN, *Chairman*

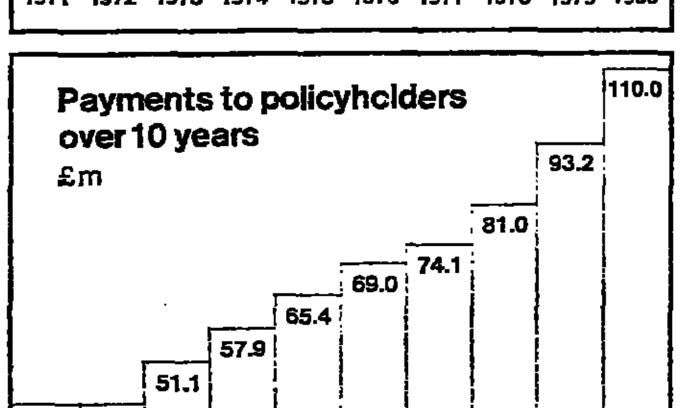


The Group's success will always depend on its own ability to detect and assess the requirements of potential 'consumers'.

Extracts from the Statement by the Chairman, Mr. P. G. Walker

SUMMARY OF RESULTS	1980 £m	1979 £m
Premium Income	214.5	184.9
Investment Income	125.7	103.8
Society's Surplus	50.8	44.5





I am pleased to report that your company responded well to the challenges of 1980, achieving satisfactory results for the year and establishing a sound base for substantial future growth.

You will be well aware that business all over the world has been in deepening recession during the past year. The United Kingdom has been badly affected, with severe contractions of industry and commerce, resulting in increasing unemployment on a large scale. Such an economic climate did not favour a continuance of the growth in new business attained in recent years by companies writing life assurance and pensions contracts. Nevertheless, the Sun Life Group did achieve growth and increased its total new premium income to a record of £74.3m. This amount represented an increase of 16% over the corresponding figure for 1979. In particular it was gratifying to see some further growth in our company pension schemes business.

Our efforts to reach a greater number of potential clients through an expanded programme of direct market promotions in conjunction with insurance brokers and other intermediaries have continued with very encouraging results. The Group's success will always depend on its own ability to detect and assess the requirements of the additional potential "consumers", and to present to them attractive contracts designed to meet their needs, requiring much thought and effort on research and the development of new ideas. The unit linked business in particular has given our contract designers the opportunity for novel and creative effort, with the object of presenting contracts which will be most attractive in a keenly competitive market. The Group has the reputation of being one of the leaders in contract design and development, and indeed it can claim to have introduced one of the major innovations of the year – Option Pensions for individual pension arrangements. This entirely new concept enables the policy holder to change the investment medium from which the pension benefits derive between a conventional profit-sharing contract underwritten by the Society and a unit linked contract underwritten by its pensions management subsidiary.

The first steps were taken in 1980 to establish a direct sales force to sell individual unit linked life assurance and pensions products. The results to date are extremely encouraging and ahead of target projections. Sales of unit linked products through insurance brokers have continued at a satisfactory level. Steps have been taken to increase the sales effort in 1981 which is already being reflected in higher levels of business.

The effects of the Insurance Brokers (Registration) Act 1977 are increasingly being felt amongst intermediaries. An important date in this calendar will be the 1st December 1981 from which date the description "insurance broker" will be available only to those who meet the requirements and have been registered with the Insurance Brokers Registration Council. One of those requirements is an undertaking to conform with the statutory code of conduct. The Life Offices' Associations have expressed their determination to ensure that life assurance is sold ethically by every type of intermediary and the full-time sales forces of life offices. To this end they have recently published a Code of Practice on life assurance selling which reflects good practices currently being followed by the great majority of people concerned in the business. We welcome these steps towards self-policing and consumer protection.

Bonuses on most with profits policies have again been increased to new records, important features being the introduction of terminal bonuses to individual pension policies and increasing emphasis on such bonuses for other classes of business. These bonuses in particular reflect the excellent performance of our equity and property investments in recent years.

Two interim dividends of 3.75p each were paid in 1980, representing a 15% increase over total payments made in 1979. A final dividend has now been declared of 4.50p for payment on 16th June 1981, an increase of 20% over each *interim dividend.*

SUN LIFE assurance

If you would like to receive a copy of the **1980 Annual Report,** complete the coupon and return it to the address below—no stamp is required.

(BLOCK CAPITALS, PLEASE)

Name ______________________

Address ______________________

Sun Life Assurance Society Limited, Freepost, Sun Life Court, St. James Barton, Bristol BS1 3YX.

BIDS AND DEALS

Thomas Tilling in new £8m U.S. trade venture

Thomas Tilling, one of Britain's largest industrial holding group's is moving into a new trading area in the U.S., a part of the world where it has been rapidly building up its interests in the past four years.

It has agreed to acquire for $17.4m (£8.1m) the privately-held U.S. Supply Company of Kansas City, Missouri, distributors of plumbing, heating and industrial supplies and equipment.

U.S. Supply is one of the Midwest's leading distributors of industrial and residential plumbing, heating and air conditioning supplies. For the year 1980, the group's sales were $49.5m and the pre-tax profits amounted to $3.8m.

Tilling said that the acquisition will provide an opportunity for the development of new trade markets in the U.S. in a field of activity in which it has had extensive experience in Britain.

Undertakings provide for the holders of 56.6 per cent of the stock to give irrevocable proxies to vote in favour of the merger arrangements which require to be approved by two thirds of stockholders.

Zimbabwean authorities turn down Turner & Newall proposal

The Zimbabwean authorities have withdrawn their approval for the merger between **Turnall Holdings** (a Turner and Newall subsidiary in Zimbabwe) and **Mashonaland**, an industrial group with a Salisbury Stock Exchange listing.

The surprise reversal of the earlier approval granted by the Reserve Bank was confirmed less than an hour before a special meeting of Mashonaland shareholders called to approve the merger yesterday.

Mr. Terence Hardy, chairman of Mashonaland, told shareholders that he had been verbally informed the previous night that approval might be withdrawn, but only received confirmation 45 minutes before the meeting.

"Obviously this has come as a shock and a disappointment," he said, a view echoed by Turner and Newall's spokesman in the UK.

The letter from the Reserve Bank, cancelling permission for the merger under Exchange Control regulations, said that the earlier approval had been given at a time when the bank "was not fully aware of the Government's policy regarding mergers which involve non-resident owned and controlled companies."

The merger would have involved a reverse takeover by Turnall of Mashonaland, preserving the stock market listing for an enlarged group in which Turner and Newall would own 75 per cent, at a cost of about £7.5m.

This would have made Mashonaland non-resident controlled and for that reason, the letter says, the authorities "were compelled to rescind previous approval."

Mr. Hardy told shareholders that the two companies remained close and would be "researching ways of arriving at a solution satisfactory to Government."

Turner and Newall also announced yesterday it has acquired a 50 per cent interest in Sei Ah Industrial Company of South Korea, friction materials maker, as a result T & M's UK subsidiary, Ferodo, will licence technology to Sei Ah.

Turner has invested US$1.5m (£670,000) in the equity of an enlarged company. Ferodo will receive a royalty on all products sold.

James Walker buys Blackpool jeweller

James Walker Goldsmith and Silversmith has acquired the share capital of **C. L. Edwards and Sons**, a wholesaler of gold and silver jewellery based in Blackpool, Lancashire.

Consideration for the acquisition amounts to £2.1m, of which £1m was paid in cash on completion, and £1.1m satisfied by the issue of £1.1m nominal of 10 per cent redeemable unsecured loan notes 1986. The loan note terms contain, inter alia, provisions for redemption at par on April 30 and October 31 in each year up to April 30, 1986.

The latest audited accounts for Edwards for the year to April 30, 1980: attributed net tangible assets to shareholders, £744,000, turnover, £2.3m and pre-tax profits, £343,000. Pre-tax profit for the year to April 30, 1981, is expected to be not less than £380,000.

EDBRO SELLS SOLID WASTE ENGRG.

In line with its policy of concentrating resources on its main hydraulics business at Bolton, **Edbro** has sold its Preston-based subsidiary, **Solid Waste Engineering**, to that company's general manager, Dr. Tom Gibson.

Solid Waste Engineering will continue to make waste compactors for the solid waste industry and baling presses for the scrap-metal trade. It will remain a distributor of Edbro's bucket loader skip handling equipment and rolatip demountable tippers.

CAMELLIA SALE

Unochrome Industries has acquired **Camellia Investments'** holding of 5.01m ordinary shares in Unochrome (29.95 per cent).

Following this sale by Camellia, Mr. D. M. Bacon has resigned from the board of unochrome.

FFI (UK FINANCE)

FFI (UK Finance) has acquired 50,000 £1 cumulative preference shares and 30,000 £1 "A" ordinary shares in **Belmol**, for £100,000, satisfied by £50,000 in cash for the preference shares and an issue of £54,596 12½ per cent unsecured loan stock 1992.

Following this transaction, £16.42m nominal of 12½ per cent unsecured loan stock will have been issued.

Boosey & Hawkes dives £146,000 into the red

DESPITE TURNOVER being virtually maintained at £17.7m, compared with £17.9m, **Boosey and Hawkes**, music publisher and musical instrument manufacturer, plunged into the red for 1980, incurring a taxable loss of £146,000, which compares with a profit of £613,000.

At mid-year profits were down from £391,000 to £60,000 but the directors said trading profits were improving for the second half and seemed likely to continue to do so.

They say now that although markets for musical instruments became steadily more competitive the instrument company raised sales overall. However, the general recession worldwide made the second six months notably more difficult than the first.

Under the new management substantial cost savings have been made and new methods developed. Certain stocks have been written off. In consequence, the directors say the instrument company is now running as a leaner and better managed business which, given reasonable market conditions, should return to profitability before long.

After a credit from tax and minorities amounting to £413,000 (£21,000 debit) and extraordinary debits of £270,000 (£105,000) there was a net loss of £3,000 (£457,000 profit). The extraordinary costs were exchange adjustments of £142,000 and closure costs of £128,000.

Stated earnings per 25p share showed a drop from 14.8p to 6.5p.

In addition, costs borne by operating companies included redundancy and reorganisation costs of £166,000 and exceptional stock write-off of £100,000. Trading losses in 1980 from operations now closed totalled £335,000.

The directors say that the total of £871,000 of these two groups of costs is of a magnitude which they hope is unlikely to have to be met again. In view of this and as dividends in the past have been amply covered they are maintaining the total payment for 1980 at 5.667p net with a same-again final of 3.767p.

UK bank borrowings at December 31, 1980, were held at £2.67m (£2.5m) and group total borrowings at £2.86m (£2.73m). Interest charges net of receipts were £554,000 (£254,000).

LONDON TRADED OPTIONS

(April 30 Total contracts 1,965)

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	390	19	1	34	2	50	—	374p
BP	420	11	1	19	12	—	—	"
Com. Union	130	53	2	56	—	—	—	47p
Com. Union	140	43	—	46	3	49	—	"
Com. Union	160	25	66	30	—	34	—	"
Com. Union	180	12	71	18	12	23	5	"
Cons. Gold	460	48	63	65	—	78	50	475p
Cons. Gold	500	28	20	47	3	60	—	"
Cons. Gold	550	13	16	23	20	—	—	"
Courtaulds	60	17½	9	21	3	24	—	76p
Courtaulds	70	10½	—	12½	1	16	—	"
Courtaulds	80	5	19	8	6	10	5	"
GEC	700	27	10	45	—	68	—	688p
Grand Met.	180	36	—	40	1	—	—	208p
Grand Met.	200	19½	13	27	—	33	—	"
Grand Met.	220	10	—	17	10	23	—	"
ICI	240	96	—	102	1	—	—	322p
ICI	260	76	1	82	3	—	—	"
ICI	280	56	38	62	9	74	—	"
ICI	300	40	83	44	19	56	—	"
ICI	330	22	93	28	29	38	—	"
ICI	360	10	108	—	—	—	—	"
ICI	390	—	—	—	—	—	—	"
Land Sec.	420	33	24	37	1	49	—	424p
Land Sec.	460	6	13	19	—	—	—	"
Marks & Sp.	120	28	13	30	—	—	—	139p
Marks & Sp.	130	18½	3	23	20	29	—	"
Marks & Sp.	140	11	14	14½	54	20	4	"
Shell	360	36	—	48	—	56	7	374p
Shell	390	22	—	34	—	40	1	"
Shell	420	11	—	20	3	—	—	"
Shell	460	5	20	12	—	—	—	"
Totals			701		212		72	
		May		August		November		
Barclays B'k	420	12	—	29	1	40	24	418p
Barclays B'k	460	3	15	13	—	20	—	"
Imperial Gp.	80	1½	—	4	60	5½	—	73p
Lasmo	500	47	1	64	—	90	5	527p
Lasmo	550	13	5	34	—	52	5	"
Lasmo	600	5	—	20	—	32	2	"
Lonrho	90	8½	86	15	21	16	2	97p
Lonrho	100	3½	23	8½	5	11	5	"
Lonrho	110	1	—	5	—	7½	50	"
P. & O.	140	23	69	27	1	29½	—	163p
P. & O.	160	8	20	14	—	17½	—	"
P. & O.	180	3	20	7	—	10½	6	"
Racal Elec.	360	25	32	44	—	56	—	379p
Racal Elec.	390	7	2	24	15	38	—	"
RTZ	390	165	—	175	2	185	—	550p
RTZ	414	140	10	—	—	—	—	"
RTZ	420	—	—	155	13	165	—	"
RTZ	454	100	23	—	—	—	—	"
RTZ	460	—	—	115	29	125	11	"
RTZ	494	60	169	—	—	—	—	"
RTZ	500	—	—	70	65	90	10	"
RTZ	550	40	67	45	116	55	—	"
Totals			532		328		120	

APPOINTMENTS

Directors at Boots

Mr. G. M. Hourston and Mr. A. B. Marshall have been appointed directors of THE BOOTS COMPANY.

Mr. Hourston becomes staff director. Mr. Marshall is chairman of Bestobell, and becomes a non-executive director.

Mr. A. D. Spencer, former vice-chairman of the company, retired as an executive director in September 1980 but remained a non-executive director. He has now decided to retire from the company at the annual meeting in July.

★

Mr. Michael Prag, currently head of research, takes over as senior partner of SIMON AND COATES, stockbrokers, on July 1, when Mr. Peter Brown retires. Mr. Brown will remain as a consultant.

★

Following the acquisition of the Alexander Shand Group by CHARTER CONSOLIDATED, the following Board appointments have been made: Mr. A. T. B. Shand, chairman of Alexander Shand (Holdings) (Shand), has been appointed a director of Charter Consolidated. The following have been appointed directors of Shand: Mr. J. N. Clarke, Mr. A. J. W. Owston, Mr. N. G. McNair Scott, and Mr. Mr. J. S. de W. Waller.

★

Mr. J. H. T. Barley has retired from the partnership of PIDGEON DE SMITT, stockbrokers, but remains associated with the firm and an executive director of Pidgeon Financial Services. Mr. A. E. Pattenden has also retired from the partnership for health reasons.

★

Mr. Claude Boys-Stones, Mr. Nicholas Garbutt and Mr. Andrew Martell, partners in *Boys-Stones, Simpson* and Spencer, stockbrokers, Newcastle upon Tyne, have become partners in WISE, SPEKE AND CO., stockbrokers, Newcastle upon Tyne, Leeds, Middlesbrough and London. Mr. Ben Worthington, an associate, and Mr. John Richardson, a partner, in Boys-Stones have joined Wise, Speke as associate and attache respectively. Mr. Thomas Lovell, at present with Wise, Speke in their Newcastle Office, is to become an associate and will move to the Middlesbrough office.

★

...Mr. Graham K. L. Jeffrey, general manager of the Hotel Inter-Continental, London, has been made regional director of operations for the UK division of INTER-CONTINENTAL HOTELS. Mr. Jeffrey will continue as general manager while taking up additional duties for the Intercontinental Hotels Corporation in the UK. The Hotel Inter-Continental London which opened in June 1975 has been under the direction of Mr Jeffrey since the pre-opening period.

★

R. FOX & SONS has appointed Mr. Peter S. L. Berry as marketing director.

★

Mr. Peter Jackson has been appointed director personnel and employee relations of PERKINS ENGINES.

★

Mr. Stuart R. Langler has been appointed a director of D. B. MACK.

★

Mr. Albert J. Wheway has been appointed chairman of SULKIN (HOLDINGS) and its main subsidiary Sulkin (UK). Mr. Peter L. Booth and Mr. Don E. Mackintosh have also been appointed to the Board of Sulkin (UK).

★

Mr. Colin Crispin has been promoted to deputy international treasury manager at FIRST NATIONAL BANK IN DALLAS, London branch. He has also been appointed to the investment committee of this bank, together with Mr. Bob Barrell, chief dealer for London branch.

★

Mr. Ian C. Walden, regional director of the Scottish region of JOHN LAING CONSTRUCTION, building and civil engineering division of the John Laing Group, has been appointed director of purchasing and shipping.

★

Mr. Brian Yates has been appointed managing director of SPENCER GEARS.

★

Mr. H. A. P. Clay and Mr. A. D. Malcolmson have retired from the partnership of LYDDON & CO., stockbrokers, but remain associate members. Mr. G. G. Blakey is joining the partnership.

★

Mr. Luke Meinertzhagen and Mr. Michael Richardson have retired from the partnership of CAZENOVE AND CO., stockbrokers. Mr. Duncan Hunter and Mr. Malcolm Archer will join the partnership.

★

Mr. David Grant, Mr. Stefano Mazzola and Mr. David Butler have joined the international department of BUCKMASTER AND MOORE, stockbrokers. Mr. Grant will initially be responsible for Europe and Japan.

★

CANNON ASSURANCE has appointed Mr. Dale Sumner as managing director. He was previously managing director of National Mutual Life and was the first chief executive of Target Life Assurance. Mr. Stephen Meldrum is appointed director of administration and continues as appointed actuary.

TAKEOVER SPECULATION INTENSIFIES

Tables turned on Noranda

BY MICHAEL THOMPSON-NOEL IN TORONTO

IN A city still gripped by take-over fever, Noranda Mines' successful cash and stock offer for an additional 41.8 per cent stake in MacMillan Bloedel, Canada's largest forest products concern, has intensified, though by no means clarified, speculation as to Noranda's own lofty status on what even dignified Bay Street analysts call Canada's corporate hit list.

In a deal worth C$626.5m (US$522.1m), Noranda has raised its stake in MacMillan Bloedel, of Vancouver, from 8 per cent to 49.8 per cent, buying 8.9m common shares and 2m convertible preferred shares at an offering price of C$82 per common share.

Even without MacMillan's annual sales of C$2.46bn (US$2.1bn), Noranda was already one of Canada's largest companies, with extensive interests in mining, metallurgy, forest products and manufacturing.

Earnings last year were C$408.5m (US$340.4m), up 3.5 per cent on the previous year, on revenue of C$2.89bn. Shareholders' equity totalled C$2bn against long term debt of C$581m.

"It's pretty big," says Mr. Adam Zimmerman, one of two Noranda executive vice-presidents. "The impression is also about that we are moderately competent in what we do. There is always the potential for some kind of pass, but purchase of Noranda would take so much money that not very many—if, in fact, any—companies in Canada could do it."

That is not how everyone sees it.

Noranda's recent growth—1977 earnings were C$72m—has its asset base in metals, forest products, oil and gas, and now the grafting on of MacMillan Bloedel's outstanding low-cost freehold timber, mean that in the eyes of many, Noranda is now among the first rank of North American resource companies.

On that basis alone, Noranda is reckoned to be a possible target for a renewed bid by Brascan, the diversified Toronto investment giant that already owns 12 to 13 per cent of Noranda and is controlled by Edper Investments, the prime investment vehicle of Mr. Edward Bronfman and his brother, Mr. Peter Bronfman, who are related to the Bronfmans controlling Seagram, the world's largest distiller.

Conceivably, even the cash rich Seagram company — its C$2.13bn bid for St. Joe Minerals having been thwarted by the "white knights" at Fluor

Noranda Mines has been in the public eye recently because of its victory in the battle for effective control of MacMillan Bloedel, the Vancouver-based forest products company. But the addition of MacMillan's interests to its own widespread mining, energy and manufacturing operations may have increased Noranda's desirability as a takeover target

—ranks as a potential bidder, given its much-touted war chest and anxiety to diversify into minerals, even though forest products are avowedly not on the shopping list of Mr. Edgar Bronfman, the Seagram chairman and chief executive.

However, Brascan is said to have no wish to show its face where it is not wanted. It was in the aftermath of its costly losing battle for control of F. W. Woolworth of the U.S. in 1979 that it found itself taken over by Edper.

Full year profits at Noranda are unlikely to match last year's, given prevailing economic conditions, soft markets, weak prices and persistent high inflation. Noranda's earnings in the 1981 first quarter fell sharply, from C$101.3m, or C$1.04 a share, to C$60.7m (60 cents).

MacMillan, too, has suffered. Mr. Zimmerman says its 1981 results are unlikely to shine—earnings last year were C$113.2m, or C$5.03 a share, on revenue of C$2.46bn — but stresses that, with its current major spending programme, results at MacMillan could be "fairly dazzling" in a year or two.

In the first quarter, MacMillan's earnings dipped from C$44.7m to C$11.5m (U.S.$9.6m) or 40 cents a share.

Noranda itself is spending an estimated C$850m to C$870m this year on capital development and exploration. "Spending is across the board," says Mr. Zimmerman, "including C$250m for manufacturing and C$120m for metallurgical projects. For Noranda and its associates, excluding MacMillan, total capital and development spending this year will reach the better part of C$1.25bn."

Under agreement with the Government of British Columbia, Noranda is to dispose of its 28 per cent interest in British Columbia Forest Products. The market value of Noranda's BCFP stake is currently about C$200m, whereas it carries it on its books at C$101m.

Gain of control of MacMillan Bloedel and divestiture of its stake in BCFP is described as a "logical asset switch" by Mr. Powis. In essence, Noranda is exchanging BCFP's inland holdings, with their emphasis on pulp—duplicated at Noranda's Northwood operations—for MacMillan's coastal interests, with their emphasis on freehold timber.

In the view of some analysts, acquisition of MacMillan has bestowed on Noranda the status of a "globally attractive resource company" that, in addition to a firm asset base, has diversity and leverage.

Yet, the men who run Noranda's far-flung empire occasionally wish they knew what is really in the minds of the Brascan top brass, just two floors higher.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, May 14. Closing prices on April 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	99¾	99⅞	−0½	−0½	15.34
Amoco 13¾ 88	75	92⅞	93¼	−0¼	−0¼	14.93
CIBC 14½ 84	185	98¾	99¼	−0⅛	−0⅜	15.14
CNE 12¾ 91	100	88¾	89¼	+0⅛	−1	14.93
Citicorp O/S Fin. 10 86	300	82½	83	0	−1	15.00
Citicorp O/S Fin. 12 87	200	87	87½	0	−2	15.18
Con. Illinois O/S 9¾ 86	150	81½	82	0	−0¼	15.05
Dupont Canada 13½ 91	85	91⅞	92⅜	−0⅛	−1	15.06
EEC 11 95 (May)	75	78⅜	78⅞	−0¼	−1¼	14.67
EEC 11 95 (August)	70	76	77¼	−0⅛	−2¾	15.04
EIB 12¾ 89	75	88⅛	89¼	−0⅜	−1½	15.25
Eldorado 13¾ 86	50	93½	94	−0⅜	−0¼	15.12
Elec. de France 10 88	125	78⅜	78⅝	−0¼	−1¼	15.05
Elec. de France 13 88	125	92¼	92¾	−0⅛	−0⅜	14.81
Export Dv. Cpn. 9½ 86	150	81½	82	0	−0⅝	15.15
Fed. Bs. D 12¾ 85 (N)	50	91	91½	−0¼	−0⅝	14.97
Fin. Exp. Credit 10½ 85	50	84½	85	−0¼	−0⅜	15.72
Finland, Rep. of 9½ 86	100	80¼	81	0	−0⅜	15.27
Ford Credit O/S 14⅜ 83	150	96¼	96¾	0	−0⅝	16.25
Ford Cr. O/S Fin. 16 84	150	99⅜	99¾	+0⅜	−2⅞	16.20
Gaz de France 13½ 86	80	95¼	95¾	−0⅛	−1	14.84
GMAC O/S Fin. 12 87	100	86⅞	87¼	0	−0⅞	15.30
GMAC O/S Fin. 12⅞ 88	100	89⅞	90⅜	0	−0⅜	15.28
Gen. Mtrs. O/S 11¾ 87	100	86	86½	+0¼	−1	15.19
Genstar 14¾ 91	50	97¼	97¾	−0⅛	+0⅛	15.25
GTE Fin. 13⅞ 86 (WW)	60	95¼	96⅛	−0⅜	−1½	14.93
Hudson's Bay 11½ 90	75	81½	82	−0⅜	−1	15.32
IBM Wld. Trade 12½ 88	200	92⅞	93⅜	−0⅛	−0⅛	14.11
Newfoundland 13½ 90	80	91¼	91¾	−0⅜	−1¼	15.29
Nova Scotia 10¾ 90	50	79¼	79¾	−0⅛	−0⅜	14.97
OKB 10 85	50	84¾	85½	−0¼	−1¼	15.07
Ontario Hydro 13½ 91	100	91⅞	92⅜	−0¼	−1	15.06
Quebec Hydro 11¾ 92	100	80¼	80¾	−0⅛	−2¾	15.26
Queb. Hy. 13 91 (WW)	100	88¾	89¼	−0⅛	−1½	15.23
[illegible] 11¾ 85	50	88	88½	−0⅜	−1¼	15.21
[illegible] 13⅞ 85	50	93¼	93¾	+0¼	−0⅝	14.65
SNCF 13 91	75	90⅞	91⅜	−0⅜	−0⅞	14.74
Sth. California Ed. 14 87	50	96⅜	96⅞	−0⅜	−0¼	14.25
Svenska Handelsbk. 13¾ 88	45	93½	94¼	−0¼	−0⅜	15.23
Sweden 12½ 85	150	90½	91	0	−0⅜	15.38
Swed. Ex. Credit 12 83	50	93½	93¾	−0½	−0⅛	15.30
Swed. Ex. Credit 13 86	75	91⅜	91⅞	0	−0¼	15.58
[illegible] O/S Fin. 14 86	50	95⅞	96⅜	+0⅛	−0⅛	15.15
World Bank 9¾ 85	200	84½	85	0	−1½	14.94
World Bank 10⅛ 87	300	81⅞	82⅜	0	−0¾	14.88

Average price changes.. On day −0⅛ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	89⅝	90⅛	0	−0⅛	10.04
Australia 8¾ 90	250	95¾	96	−0⅛	−0⅛	8.85
Austria, Rep. of 8¾ 92	150	89	89¾	−0⅜	−0⅛	9.82
CECA 7⅞ 92	150	87½	88¼	−0⅛	−0⅛	9.67
CECA 10 91	120	101⅞	102⅜	+0⅜	−0⅛	9.63
Cii-Honeywell 8¾ 90	125	90¼	91½	−0⅛	+0¼	9.94
EIB 8¾ 90	200	90⅜	91½	−0⅛	−0⅜	10.04
EIB 10¼ 91	200	101¾	102¼	−0⅛	−0¼	10.12
ESCOM 9¾ 87	100	93¼	94	−0⅛	−0½	10.63
Iberduero SA 9 90	100	94¼	95¼	−0⅛	−0¼	9.88
Ind. Bk. Finland 8½ 90	50	89¼	90¼	+0⅛	−0¼	10.22
Int-Amr. Dv. Bk. 10 91	100	99	99¾	0	−0½	10.09
Japan Air Lines 8¼ 87	100	91½	92¼	0	−1	9.76
Japan Dev. Bank 7¾ 87	100	89¾	89⅞	−0¼	−0⅜	9.92
Kobe, City of 8 90	100	89½	90¼	−0¼	−1¼	9.71
Midland Int. Fin. 8½ 90	180	91⅞	92⅜	−0¼	−0⅜	9.78
Nuclebras 9¾ 88	100	90¾	91½	+0¼	−0⅜	11.56
OKB 9¼ 90	160	88¾	89¼	0	0	9.89
Oslo, City of 8½ 90	80	94⅞	95¼	−0¼	0	9.55
Venezuela, R. of 9¾ 90	150	94½	94⅞	−0⅜	−0⅜	10.68
World Bank 8 90	700	87¾	88	−0¼	−0⅜	10.11
World Bank 10 88	150	101	101¼	−0⅜	+0⅜	9.64
World Bank 10 90	200	100	100¼	−0⅞	−1	9.93

Average price changes... On day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	89¾	89⅞	0	+1¾	6.92
BFCE 6½ 91	100	99	99½	+0⅛	−1½	6.60
Bayer Int. Fin. 5¼ 92	100	91	91¼	+0⅜	−0⅜	6.37
Bergen, City of 6 90	50	†90	91	−2¼	−3½	7.47
Buhrm'-Tetterode 7 90	40	99½	99¾	−0⅛	−1	7.06
Copenhagen Tele 5¾ 90	60	†87	89	−0¼	−2⅜	7.58
Denmark 5¾ 90	80	85⅛	85⅝	−1⅞	−4½	8.02
Dome Petroleum 5¾ 91	100	94	94⅛	+0¼	−0½	6.58
Elec. de France 5¼ 90	100	†90	91	+0⅜	+1½	6.63
Eurofima 5¾ 92	80	†98½	99⅛	0	+0¼	5.87
F. G. H. Hypo. 6¾ 6 90	50	92½	92¾	−0⅞	−1⅜	7.12
Finland, Rep. of 5¾ 90	80	*84¼	84½	−3⅞	−4¼	8.07
Int.-Amer. Dev. 7 90	80	99¾	99⅞	0	−0⅜	7.04
Japan Dev. Bank 5¾ 90	100	93¼	93¾	0	−1½	6.69
Jutland Tele 5½ 90	90	86½	87	−0¼	−0½	7.62
Mt. Blanc Tunnel 5½ 90	60	†88	90	0	−1¾	7.15
Neway 5¾ 90	80	90½	91	+0½	−1⅛	7.15
Norges Komm. 4¾ 91	100	78¾	79	0	−3¾	7.33
OKB 6 90	100	†92	92¾	+1	−3	7.23
Oslo, City of 4¾ 91	100	90	90⅞	−0¼	0	7.13
Oslo, City of 5½ 90	80	†90½	91	+0¼	−1⅜	7.25
Philips Lamps 5¾ 92	100	86¾	87	−0⅜	−2⅜	6.97
Sekisui Pre. Hms. 6 90	80	†95	95¼	0	−1¼	6.73
Trade Dev. Fin. 6¼ 90	50	†90	91	0	−3	7.57
Voest-Alpine 5¾ 90	80	†90	91	−0¼	0	7.77
World Bank 6 91	100	92	92¾	−0¼	−0¾	7.14

Average price changes On day −0⅜ on week −1¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93½	94⅛	0	+0⅜	8.55
Australia 6½ 88	20	87⅜	88⅛	0	0	8.95
EIB 7¾ 88	12	93½	94½	0	0	8.78
Finland 5.6 83	10	92¼	93⅞	0	−0½	8.85
Finland 6.8 88	10	87¼	88¼	0	+0⅜	9.15
Finland, Rep. of 8⅝ 87	15	98⅞	99⅞	0	−0⅛	8.50

Average price changes On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¾ 86 C$	80	88¾	89½	0	−2	13.71
CIBC 13½ 85 C$	50	94½	95¼	0	+0½	15.28
CIBC 13¾ 85 C$	60	88	88¾	−0⅛	−2⅛	15.41
Federal Dev. 11½ 90 C$	60	†82	82½	−0½	−1⅜	15.17
Fst. Can. Inv. 10 84 C$	50	†86	86¾	−0¼	−0⅜	15.99
R. Bk. Canada 10 85 C$	40	91	91½	−0⅛	−0⅜	12.43
Toronto Cpn. 13½ 85 C$	30	†94½	95¼	0	−0½	15.28
Mt. Bk. Dnmk. 8 91 EUA	25	90	91¼	−0⅛	−0¼	10.49

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¾ 89 EUA	40	86½	88	−0⅛	+0⅛	10.71
U. Bk. Nrwy. 9½ 90 EUA	18	97	98¼	0	0	9.91
Algemene Bk. 10¼ 86 Fl	60	*96½	97	−0⅛	−0⅛	11.13
Bk. Mees & H. 10 85 Fl	75	*96¾	96⅞	0	−0⅛	11.01
Heineken NV 10 87 Fl	100	*94½	95	−0⅛	−0⅜	11.20
Nat. Nedrlndn. 10 88 Fl	60	*94½	95	−0⅛	−0⅞	11.13
Ned. Midd. Bk. 10 85 Fl	75	*97¼	97¾	0	−0½	10.75
Pierson 10¾ 86 Fl	50	*96½	97	−0⅛	−0⅛	11.13
Aero Paris 13½ 87 FFr	150	93½	94½	0	−0⅜	14.60
Charb'nages 13¾ 85 FFr	400	97¾	98¼	0	−0⅛	14.39
CECA 14¼ 86 FFr	150	99½	100½	0	−0¼	14.23
EIB 14½ 88 FFr	300	98¼	99¼	0	−0½	14.41
Gaz de France 11 84 FFr	150	91¼	92¼	+0¼	+0½	13.97
La Redoute 14¾ 85 FFr	125	95½	96½	−0¼	−0⅛	15.69
OKB 14 86 FFr	400	98¼	99¼	0	−0⅜	14.29
Solvay et Cie 14¾ 86 FFr	200	102¼	103¼	0	0	13.87
Utd. Mex. Sts. 14 85 FFr	150	96¼	97¼	0	−0⅛	14.96
Acona 14 85 £	20	95¾	96½	+0⅛	−0¼	15.16
Beneficial 14½ 90 £	20	93¼	94¼	−0¼	−0½	15.49
BNP 13½ 91 £	15	95½	96	−0⅛	−0⅜	14.30
CECA 13½ 88 £	20	96	96¾	+0⅛	−0⅜	14.27
Citicorp O/S 13½ 90 £	50	95¾	96½	0	−0⅛	14.27
Fin. Exp. Cred. 13¾ 86 £	15	97¾	98⅜	+0⅛	0	14.32
Gen. Elec. Co. 12½ 89 £	50	93½	94¼	0	−0⅜	13.80
Hiram Walker 14¾ 86 £	25	97¼	98¼	−0⅛	−0¼	14.84
Privatbanken 14½ 88 £	12	96⅝	97⅝	−0⅛	−0⅜	15.25
Rothschild 14¾ 90 £	12	98	98¾	+0⅛	+0½	14.54
Royal Trustco 14 86 £	12	98⅞	99⅞	+0⅛	+0⅛	14.11
Swed. Ex. Cr. 13¾ 86 £	20	97¾	98⅛	0	−0⅛	14.36
Banobras 8¾ 90 KD	7	†91½	92	0	0	9.67
CCCE 8½ 91 KD	10	†83¾	84¾	0	0	10.83
Sonatrach 8½ 90 KD	12	†94¾	95¾	0	0	9.35
Akzo 9¾ 87 LuxFr	500	86¾	87½	+0⅛	+0¼	12.33
Euratom 9¾ 88 LuxFr	500	89¾	90⅝	−0⅛	+1	11.95
Eurofima 10½ 87 LuxFr	500	93	94	+0¼	+0⅞	11.86
EIB 9¾ 88 LuxFr	600	90¾	91¾	−0⅛	+0⅛	11.70
Volvo 9¾ 87 LuxFr	500	85¾	86⅝	+0⅛	−0¼	12.95

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99¼	99¾	2/7	16¾	16.71
Bank of Montreal 5¼ 90	0¼	99¾	99⅞	18/6	19½	19.57
Bank of Tokyo 5¼ 89	‡0¼	98½	99	26/7	16½	16.71
BBL Int. 5 88	0¼	99	99½	20/5	16½	16.62
Bergen Bk. A/S 6 89	‡0¼	†98¼	98⅞	29/5	17½	17.38
BNP 5½ 88	‡0⅛	99¾	99¾	29/7	16.44	16.54
CNT 5¼ 86	§0¼	99¾	100¼	16/10	16.81	16.82
Christiania Bk. 5½ 91	‡0⅛	97¾	98¼	5/5	17¾	18.14
Citicorp O/S F. 84	‡0	99	99½	30/5	16⅞	17.00
C. Itoh 5¼ 87	0¼	98¾	99¼	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	97¾	98¼	15/5	15¼	15.54
Den Norske Credit 6 90	‡0¼	98¾	98⅞	5/5	17¾	18.00
Genfinance 5¼ 87	0⅛	99¼	99¾	30/10	16.94	17.04
Giro und Bank 5¼ 91	‡0¼	97½	98	23/6	14.06	14.39
GZB 5½ 89	‡0¼	98½	99	1/5	17⅞	18.10
Ind. Bank Japan 5¼ 87	0¼	99¼	99¾	15/10	17.06	17.15
Ind. Bank Japan 5¾ 88	0¼	98⅞	99¼	9/10	16.44	16.58
Lloyds Eurofin 8 90 £	0¼	96⅞	97⅛	3/7	14½	14.93
Lloyds Eurofin 5¼ 92	0¼	98¼	98¾	4/6	17¼	17.53
LTCB Japan 5¼ 86	0¼	99¾	100¼	13/6	20.19	20.19
Man. Hanov. O/S 5¼ 94	‡0⅛	98¾	99½	30/5	17	17.19
Midland Intl. Fin. 5¼ 92	0¼	98¾	98⅞	5/6	17.19	17.43
Nacional Fin. 6¼ 86	0¼	99¼	99¾	25/7	17¾	17.84
Nacional Fin. 5½ 88	0¼	97¼	97¾	25/9	14⅞	15.28
Nat. Bk. Canada 5¼ 88	0¼	97¾	98¼	24/9	14½	14.81
Nat. West. 5¼ 94	§0¼	97⅞	98⅜	14/10	16.19	16.50
Nat. West. 5¼ 92	§0¼	98	98½	23/10	16.81	17.11
Pemex 6 91	0¼	97⅜	97⅞	8/10	15.31	15.69
Sparebanken 5 87	0¼	99⅛	99¾	19/6	19⅞	20.00
Standard Chart. 5¼ 90	0¼	99⅛	99¾	3/9	17.06	17.17
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅞	15/7	17.81	17.88

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	97½	98¼	−0½	30.97
Canon 6¾ 95	1/81	829	146½	147½	+3	12.91
Credit Suisse 4¾ 93	10/79	1236	93	95	0	0.89
Digicon Fin. 8½ 95	10/81	29.5	102¼	103½	−1½	3.75
Ina Overseas 8¾ 2000	4/81	42	104¼	105½	−0⅞	0.11
Inchcape Ltd. 8 95	2/81	4.55	95⅜	96⅜	−0¾	1.57
Jaccs 7½ 95	11/80	565	116¼	117¼	−0¾	13.72
Kotobukiya Co. 7 98	4/81	619	96½	97½	−0¾	−8.37
Marion Int. Fin. 8 95	12/80	16.6	83¾	85	+0¼	35.81
Matsushita El. 7½ 95	11/80	590	110⅛	111⅛	+0⅜	−1.70
MEPC 8¼ 98	2/81	2.47	98	99½	0	16.25
Niigata Eng. 7½ 96	1/81	327	102	103¼	+1⅞	11.26
Nissho-Iwai Co. 8 96	10/80	398	79	81	0	0.27
Ricoh 6¾ 95	8/80	604	128⅞	130¼	+2¼	3.35
Sumitomo M. Ind. 7 95	2/81	181	126¼	127¼	+2	2.75
Swiss Bk. Cpn. 6¾ 80	9/80	200	74	76	+0⅜	16.64
Taylor Woodrow 8¾ 90	1/81	4.94	108⅞	110¼	+0⅞	1.66
Tokyu Land Cpn. 7¾ 96	4/81	325	104¾	105¾	−0⅛	2.74
Transco Int. 8¾ 95	2/81	68	83¼	84½	−0¾	35.80
Tricorp 8½ 95	12/80	31.25	84½	86	−0⅜	34.04
Union Bk. Switz. 5 89	2/80	121.4	75	77	−0⅜	−11.66
Fujitsu 5 84 DM	7/78	431.5	176⅜	177⅜	+8	2.85
Sharp Cpn. 6½ 88 DM	9/80	595	166½	167½	0	−0.34
Uny Co. 6½ 85 DM	11/79	879.3	106⅞	107⅞	+0⅛	−2.29

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Litton to spin off meat subsidiary

By Our New York Correspondent

LTV, THE Dallas-based conglomerate, is to spin off its large meat processing subsidiary, Wilson Foods, to LTV shareholders as part of a plan to concentrate LTV itself around its operations in aerospace, steel, energy and shipping.

The announcement was coupled with the release of LTV's first quarter earnings, which showed a sharp improvement in net income to $47.3m, compared with $26.4m in the first quarter of 1980.

The first quarter figures include a loss of $15.5m to cover the costs associated with spinning off of Wilson and with closing down several meat packaging and slaughtering facilities in the U.S.

On a continuing operations basis, LTV earned $62.8m in the first quarter, up from $29.2m.

Wilson Foods, which accounted for a quarter of LTV's $8bn of sales last year, has for some time been regarded as an ill-fitting and only spasmodically profitable part of the LTV group. It lost $2.9m on operations in the first quarter.

The spin-off, which involves the holder of every 10 LTV shares receiving one share in Wilson, is dependent upon Wilson arranging with its banks, headed by Continental Illinois, a satisfactory credit agreement.

The plan is for Wilson to continue to operate under existing management, headed by Mr. K. J. Griggy, currently president of Wilson.

Wilson was one of the companies bought by financier Mr. Jimmy Ling in 1966, when he was assembling his Ling-Temco-Vought empire. Wilson's sporting goods and pharmaceutical divisions were sold off some years ago.

Mr. Paul Thayer, LTV's chairman, said the objective was to develop LTV around a manufacturing and technology base. "Wilson is the only consumer products company in the group and does not fit that pattern," he said.

LTV's other operations, notably its steel subsidiary, Jones and Laughlin, continue to perform well.

J and L operated at 92 per cent of capacity in the quarter and reported operating income of $46.4m, up from $17m in the first quarter of 1980.

There were also record results from LTV's energy products and services group, which posted operating income of $39.5m on sales of $412m, up from income of $31.2m and sales of $250m.

The Vought aerospace company and Kentron International slipped from $13.2m to $12.5m because of slower demand for components from Boeing and McDonnell Douglas.

LTV is also continuing to make progress in reducing its heavy debt load. It announced yesterday a proposal to issue 3m shares of common stock in May.

Speculation of Amherst Coal takeover

By Paul Betts in New York

The LARGEST privately-owned coal company in West Virginia is understood to be for sale.

Amherst Coal, which holds about 225m tons of coal reserves and produced 1.9m tons of coal last year, is reported to have retained a major Wall Street investment firm to seek a potential buyer for its assets.

The move reflects the changing pattern of ownership in the U.S. coal industry which is becoming increasingly dominated by large publicly held corporations such as oil companies, steel concerns and utilities.

Although Wall Street sources claim it is premature to place a possible value on a sale, Amherst coal reserves are regarded to be worth about $180m at current prices.

Muse Air plans share issue

By Our New York Staff

MUSE AIR, one of several U.S. airlines being formed, yesterday announced a plan to sell 2.2m shares at $17.50 each.

The airline is the creation of Mr. Lamar Muse, who was a founder of Southwest Airlines, the non-unionised Texas carrier which is considered one of the most successful of the smaller, low-cost carriers making significant inroads into the business of the trunk airlines in the last year.

Hoover slips into the red

By Our Financial Staff

HOOVER, THE worldwide manufacturer of durable consumer goods, suffered a loss of $2.8m or 22 cents a share in the opening quarter of this year, compared with a profit of $7.2m a year earlier. Sales dipped only slightly from $215.1m to $208.1m.

Chrysler and Mitsubishi settle distribution dispute

BY IAN HARGREAVES IN NEW YORK

CHRYSLER CORPORATION, the U.S. motor company, has settled a long-running dispute on North American car distribution with its Japanese partner, Mitsubishi Motor, and is again holding out the possibility of a merger between the two companies.

After three days of talks between Mr. Lee Iacocca, Chrysler's chairman, and Dr. Tonio Kubo, chairman of Mitsubishi Motors, in California this week, the two sides released a joint statement designed to clarify their future relationship.

Chrysler owns 15 per cent of Mitsubishi and almost 13 per cent of the vehicles Chrysler sells in North America are Mitsubishis in all but name.

For Mitsubishi, the main gain is agreement by Chrysler to release the Japanese company from the indefinite contract which ties to selling all the cars it ships to North America through Chrysler dealers.

In return, Chrysler will receive unspecified technical and productivity advice from Mitsubishi and will also be able to continue selling Mitsubishi vehicles through Chrysler showrooms.

Finally, the statement says, the two sides have agreed there is "the possibility of a future investment by Mitsubishi Motors in a strengthen Chrysler."

Mr. Donald Regan, the U.S. Treasury Secretary and chairman of the Government board which has overseen the $1.2bn in loan guarantees issued to Chrysler, welcomed the move as "a positive step" towards the Government's goal of Chrysler being rescued by a private sector entity.

In reality, Mitsubishi is making no commitments about an investment which would carry anything other than symbolic weight.

It is, however, positioning itself to become a possible bidder for the company if Chrysler can get itself back into the black on a sustained basis. The company this week reported its ninth consecutive quarterly loss.

Mitsubishi's freedom to set up an independent dealer chain will become effective in 1983 and will enable the Japanese company to tackle head on the problem of its declining U.S. market share. Mitsubishi was the only major Japanese company last year to lose market share, something for which it blames Chrysler.

Mitsubishi has also agreed to finance the shipments of its cars to dealers, resolving another longstanding point of contention. The Japanese company will also continue to supply 2.6 litre engines to Chrysler.

Elf takes stake in offshore group

BY TERRY DODSWORTH IN PARIS

A SIGNIFICANT new impulse was given to the French offshore engineering and platform construction industry yesterday in a deal bringing the nationalised Elf-Aquitaine oil group together with the Bouygues public works concern.

No figure has so far been put on the agreement, but in effect Elf will be pumping cash into the construction company through a rights issue for Bouygues Off-Shore, a subsidiary of the main construction group. Bouygues Off-Shore has been working in the platform business for several years and has a turnover in the region of FFr 525m ($105m) with profits of around FFr 17m.

The two companies say their co-operation reflects a mutual desire to "promote new techniques in maritime projects." This aim also clearly falls in line with the objectives of the Industry Ministry, which is currently aiming to reorganise the French off-shore industry after a stagnant period in the last two or three years.

Bouygues recently came unstuck in its efforts to take over Doris, one of the leading French off-shore companies. After buying a 47 per cent stake in the group, it later saw its way blocked by a combined effort from Total, the other big French oil company, and CGE, the electrical group.

This counter-move for Doris was evidently supported by the Industry Ministry, and attracted a sharp critical response from Bouygues. But the deal with Elf seems to have been engineered with similar Ministry backing. The oil group has been looking for investments in France since the rapid expansion in its profits over the past two years.

Bouygues, which had a turnover of FFr 7.6bn ($1.6bn) last year, is currently engaged in an effort to diversify both geographically and industrially.

£10m credit for Kymi-Kymmene

By Our Euromarkets Correspondent

SCANDINAVIAN Bank has arranged a £10m, eight-year Euro-credit for Kymi-Kymmene, a Finnish timber company.

The loan, which bears a margin of ⅜ per cent over London interbank rates for the first two years rising to ½ per cent for the next six, also involves Citibank, Midland and Royal Bank of Scotland.

Svenska Petroleum drops $350m oil deal loan

BY JOHN MAKINSON

SVENSKA PETROLEUM (SP), the Swedish State oil company, has decided not to proceed with its plan to buy a substantial stake in the British North Sea from Kaiser Resources of Canada, according to banks in London.

Last year SP reached a preliminary agreement to buy 70 per cent of the Canadian company's stake in three North Sea licences, which include a 7.7 per cent holding in the Brae Field.

In order to fund the project, SP arranged a $350m Euro-credit, with a partial Swedish Government guarantee, through Morgan Guaranty. This credit has now been abandoned.

Bayer pays DM 325m for control of Agfa

By Jonathan Carr in Bonn

BAYER, the West German chemicals concern, is to take full ownership of the German-Belgian photographic products group Agfa-Gevaert in a deal worth DM 325m ($148m), thus ending one of Europe's first trans-national mergers.

The announcement yesterday was not unexpected. Agfa-Gevaert has long had financial problems and it was clear that the Belgian partner, Gevaert Photo-Producten (GPP) of Antwerp, was not able to match Bayer in putting up extra funds to solve them.

Nonetheless, the takeover after 17 years of joint ownership is felt likely to create political friction in Belgium. It will also be seen in Germany as further evidence of the serious obstacles to cross-border co-operation, in the wake of the recent break-up of the German-Dutch VFW-Fokker aerospace concern.

Bayer, which currently holds 60 per cent of Agfa-Gevaert, will take over the remaining 40 per cent held by GPP. The proceeds will be raised through a Bayer capital increase, with the new shares passed on to GPP and valued at the average stock market price for the month of April.

GPP has formally agreed to treat its Bayer shareholding as a long-term investment.

Originally Bayer and GPP had a 50-50 share of Agfa-Gevaert, which was formed in 1964 and rose to become the world's number two photographic group after Kodak, although its profits performance rarely equalled its sales growth.

Last year Bayer took a further 10 per cent from GPP in the face of strong financial pressure on Agfa-Gevaert, caused partly by exchange rate fluctuation and partly by the sharp rise in the silver price.

At that time it was recognised that a further DM 200m would be needed for the German-Belgian concern by April, 1982. If GPP could not put up its 40 per cent share of these extra funds, it was realised that the whole business would probably pass to Bayer.

This has now happened, though earlier than anticipated. It had long been thought possible that a "Belgian solution"—perhaps with the help of state funds—might have been found to prevent the concern passing wholly into German hands.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

EARNINGS ON INTEREST SQUEEZED

Loss at Commerzbank Luxembourg

BY JOHN MAKINSON

COMMERZBANK International, the Luxembourg arm of Commerzbank AG, sustained heavy losses on interest and commission transactions last year.

The bank's 1980 accounts show that outgoings in this area exceded revenues by LuxFr 957m ($26.8m), equivalent to around 4 per cent of total interest and commission revenues. In 1979, the bank showed a slight surplus on interest and commission business of LuxFr 17m ($480,000).

The figures from the Luxembourg bank highlight the problems incurred last year by Commerzbank AG, West Germany's fourth largest commercial bank. The parent bank failed to produce any net profit in 1980 and omitted its dividend.

The Luxembourg bank attributes its poor figures to the continuing decline in margins on Eurocredits, the high level of international interest rates and "substantial valuation adjustments" in fixed interest securities.

Commerzbank International, the balance sheet of which accounts for around 15 per cent of the group total, gave no explanation for the interest and commission shortfall. Its accounts show, however, that 88 per cent of total liabilities were accounted for by liabilities to banks, which are overwhelmingly short-term in nature.

If the bank had been using these funds to refinance fixed-interest term loans, it would have been heavily squeezed by the sharp rise in international interest rates. This contributed heavily to the poor performance of the parent bank last year.

The Luxembourg bank's accounts also show a very steep rise in "other expenditure" from LuxFr 28.8m ($810,000) to LuxFr 424.8m ($23.1m). Again, the bank's accounts shed no light on this entry.

Commerzbank International does say, however, that it made sizeable adjustments to the value of fixed interest securities and such losses may have contributed to this debit.

Another puzzling feature of the accounts is the inclusion of a balancing entry totalling Lux Fr 1.03bn ($28.8m) under the heading "extraordinary income." This item, which produces a balanced result in the profit and loss account for the year, is equivalent to the DM 63m which the parent company's temporary supervisory board chairman, Herr Paul Lichtenberg, has said was transferred from parent bank inner reserves to Luxembourg last year.

Yet this payment still gives no indication of the Luxembourg bank's actual operating losses, as the DM 63m transfer was made after the sale by Commerzbank International of a 25 per cent stake in the Sachs engineering group to the parent bank.

The stake was bought by Commerzbank in early 1979 from the British company, Guest, Keen and Nettlefolds (GKN). The holding was initially lodged in Luxembourg for tax purposes, but no price has ever been placed on the sale or repurchase. The parent company bought it back after a change in West German tax regulations.

The bank's reserves benefited last year from a subordinated loan of LuxFr 1.62bn ($38.2m) granted by the parent company. At the end, of the year, its solvency ratio was clearly within the locally prescribed limit.

The bank makes no comment on its prospects for the current year.

Forward foreign exchange market in SDRs emerges

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIRST SIGNS are emerging of a forward foreign exchange market in Special Drawing Right (SDR's) which would enhance significantly the role of the International Monetary Fund's currency unit in commercial transactions.

Money brokers Godsell and Co., said yesterday they have become the first broker to handle an outright forward purchase of SDR's on behalf of clients.

As from yesterday they also started advertising SDR forward rates on the Reuter Monitor service elicited more than 50 inquiries by the early afternoon.

Business in SDRs has so far concentrated mainly on deposit taking, although many banks have begun issuing Certificates of Deposit denominated in the unit and there are signs that its use is growing in capital and credit market transactions.

This latter aspect is probably the one which has given rise to the new interest in forward foreign exchange market trading of SDRs, bankers believe.

Large issues in SDRs such as the recent SDR 100m Floating Rate Note launched for Italy's electric utility ENEL by Dillon Read have created a demand for SDRs among banks which do not necessarily have the right amount of deposits on their books for a given maturity.

By converting dollars into a forward holding of SDRs the banks can hedge their requirements in this respect against the SDR assets accumulated through loans such as that launched by ENEL.

The market in straight SDR deposits also appears to have been growing. Bankers estimate the total value of such deposits in the international banking system at SDR 4bn-5bn if not more, compared with only about SDR 3bn at the start of the year.

Morgan Guaranty has also introduced clearing facilities for SDR transactions through its Brussels office.

DM 60m cash injection for IBH

BY JONATHAN CARR IN BONN

IBH HOLDING, the West German building machinery group which is the largest in Europe, is to receive a cash injection of DM 60m ($27.5m) half of it from General Motors of the U.S. which last year sold its Terex division to IBH.

The announcement by Herr Horst-Dieter Esch, founder and chief executive of IBH, is being seen as clear evidence that the group's long-foreshadowed consolidation is underway after a period of rapid expansion.

Herr Esch also revealed that despite a hard year, IBH had made an unspecified profit and that a 25 per cent dividend could be paid on nominal capital of DM 11.8m.

He felt prospects for this year were good, with turnover in the first quarter up by 11 per cent to DM 600m and orders in hand at present worth DM 400m.

Of the DM 60m of new capital, DM 2.4m will go to raise nominal capital to DM 14.1m and the remaining DM 57.6m will be added to reserves. The upshot will be to take the IBH's own funds from DM 140m to DM 200m.

By putting up DM 30m of the new capital, General Motors becomes the group's biggest shareholder with a stake of about 19.8 per cent.

The remaining DM 30m comes from two other shareholders—DM 20m from the Frankfurt private bank Schroeder, Muenchmeyer, Hengst, and DM 10m from Powell Duffryn of the UK, both of which gained their stakes after selling operations to IBH. Herr Esch now holds only a 16.6 per cent stake, he nonetheless retains a clear majority of the voting rights.

The exceptionally rapid growth of IBH since its foundation in 1975 has at times cast doubts on the group's long-term prospects.

The new cash injection is being interpreted as a sign of shareholder confidence in Herr Esch's ability to consolidate the empire he has so quickly established.

Dollar bond prices little changed in thin trading

BY FRANCIS GHILES

FIXED-INTEREST dollar bond prices were little changed yesterday, mainly as a result of professional short covering ahead of the long weekend.

However, some bonds are hit when the issuer also launches a New York bond offering a much higher return to investors. Such was the case yesterday with the 9¾ per cent New Brunswick Electric Power Commission bond to 1994 which shed a full point to 71¾ at which level it yields 14½ per cent. This yield is well below the 16.05 per cent offered to investors by First Boston, which is managing the new $100m 10-year bond for the same borrower in New York, carrying a coupon of 15 per cent and a price of 97¾.

The Eurodollar bond market remains very expensive compared with the U.S. domestic and trading in Europe continues to be thin.

Two convertibles were launched in the dollar sector yesterday. Fujitsu, the Japanese computer company, is arranging a $80m 15-year issue which carries an indicated coupon of 6 per cent and a conversion premium of 5 per cent through Nikko Securities and Kleinwort Benson.

The U.S. aviation technology company Hexcel is arranging a $12m convertible through Merrill Lynch. The coupon is indicated at 8½-9 per cent and the conversion premium at 10-15 per cent.

International Bank of Japan, meanwhile, is arranging a $30m Floating Rate Note with a syndicate of mainly Middle Eastern banks for launching on May 6.

The £100m 13½ per cent five-year Bulldog bond offered by a group of banks led by Baring Brothers for the World Bank closed with the offer oversubscribed.

The D-Mark secondary market was down by around ¼ of a point and dealers reported fairly good two-way business. A DM 50m eight-year issue was launched by Eurofima through BHF Bank. The coupon was set at 10 per cent and the price is 99¾.

New Zealand is to tap the Swiss franc sector with a SwFr 100m 10-year issue through Credit Suisse. The coupon is indicated at 7 per cent and is due to be fixed on Monday.

Prices of Swiss franc bonds fell by ¾ of a point because of rising U.S. interest rates.

Daf Trucks expects drop to loss

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle manufacturer, expects to incur a loss in the first half of this year after achieving a smaller than expected increase in net profit in 1980.

While prospects for the year as a whole depend strongly on general economic trends, the company will benefit from its recent reorganisation and from improved results from its special products division, which makes aircraft and military vehicle components.

Net profit rose 10 per cent to Fl 23.8m ($9.7m) in 1980 on sales 3 per cent lower at Fl 1.5bn ($610m). Operating profits, after interest payments, were halved to Fl 23.6m from Fl 50.8m because of the decline in deliveries and pressure on profit margins.

DAF delivered 13.554 trucks last year, 13 per cent fewer than in 1979, but increased its average share of the West European market to 6.2 per cent from 5.9 per cent. Total truck sales in Western Europe fell 11 per cent to 156,728.

The company is now devoting more attention to markets in the Middle East and Africa.

Despite the decision to cut production levels towards the end of 1980, it supplied a record 16,117 vehicles to its distributors.

DAF and Dodge Europe have ended their discussions, aimed at a possible co-operation on production without reaching any agreement.

FMC of the U.S. has made a bid which is reportedly Fl 180m cheaper than the Fl 785m ($319m) tender by the Dutch companies and it has guaranteed to place large compensation orders in the Netherlands.

Swedish paper takeover attempt seen as hostile

BY WILLIAM DULLFORCE IN STOCKHOLM

SENIOR EXECUTIVES of the Mo och Domsjö pulp and paper company, Svenska Handelsbanken and Gotabanken started informal talks yesterday on their respose to a "hostile" SKr 850m ($180m) offer for Iggesund, the pulp, board and chemicals manufacturer, launched earlier this week by Stora Kopparberg and Billerud.

MoDo and companies linked to the two banks control close to one-third of Iggesund, with MoDo holding 12.5 per cent, which it bought last year.

The joint bid from Stora Kopparberg and Billerud is regarded as an attempt by the Wallenberg industrial group, which is loosely linked to Skandinaviska Enskilda Banken, to pre-empt moves by the Svenska Handelsbanken group and to carve out for itself a dominant position in the Swedish pulp and paper industry. The largest paper group in Sweden Svenska Cellulosa (SCA) is considered to be part of the Svenska Handelsbanken sphere of influence.

Hostile takeover bids are unusual in Sweden, and there is added spice to this one by Mr. Erik Sundblad, managing director of Stora Kopparberg, and Mr. Lars Sundblad, managing director of Iggesund, being brothers.

Stora and Billerud are offering two Stora Kopparberg shares and one Billerud share plus SKr 150 in cash for three Iggesund shares. This values the Iggesund shares at about SKr 250, compared with the SKr 170 at which they were trading before speculation on a pending offer pushed them up to SKr 185.

Van Gelder halts closures

By Our Amsterdam Correspondent

VAN GELDER, the loss-making Dutch paper and board manufacturer, has suspended plans to shut three paper factories.

The company originally wanted to shut down newsprint and white paper making factories at Velsen employing 700 and a factory making wallpapers and other heavy paper employing 300 in Renkum. It also wants to shed several dozen jobs at another white-paper factory employing 500 at Wapenveld.

The Economics Ministry has offered a Fl 1.5m ($60,000) bridging loan to allow Van Gelder to keep the Renkum factory open for another six weeks while talks are held with the unions about a possible rescue plan. A Dutch court has also ordered van Gelder to keep open the Velsen factories for another three to four weeks to hold talks with the works council.

Fokker resumes dividend payments after profit lift

BY OUR AMSTERDAM CORRESPONDENT

FOKKER, the Dutch aircraft maker, has doubled net profit for 1980 and proposes paying a dividend for the first time since 1975. It also plans a one-for-ten scrip issue.

Net profit rose to Fl 9.8m ($4m) from Fl 4.8m on turnover 17 per cent higher at Fl 1.13bn. It plans to pay a dividend of Fl 2 per share after last paying Fl 1.80 in 1975.

Fokker also doubled fixed asset investment last year to Fl 42.6m from Fl 18m in 1979. The company's liquidity position remained healthy, it said.

The 1980 profit is the highest achieved in the past decade and shows a continuing improvement in Fokker's profitability since the split with its West German partner, VFW which took effect in January 1979. As soon as profits reach Fl 10m in any year Fokker must start repaying a DM 42m West German loan as part of the de-merger agreement.

Demand for both of Fokker's civil airliners, the turboprop F-27 and the jet F-28, picked up strongly in 1980 though the company gave no details of sales.

Major shareholders in Fokker are Northrop Corporation of the U.S. with 20 per cent, a group of Belgian banks with 13 per cent, Dutch banks with 10 per cent, and the Burgerhout family, former owners of a company acquired by Fokker, also with 10 per cent.

AMERICAN QUARTERLIES

ALCO STANDARD

Second quarter	1980-81 $	1979-80 $
Revenue	615.7m	590.8m
Net profits	13.82m	12.69m
Net per share	1.37	1.34

AMERICAN BROADCASTING COS.

First quarter	1981 $	1980 $
Revenue	541.2m	546.9m
Net profits	12.76m	24.33m
Net per share	0.45	0.86

AMERICAN NATURAL RESOURCES

First quarter	1981 $	1980 $
Revenue	1.12bn	976.3m
Net profits	61.3m	54.2m
Net per share	2.63	2.35

AMETEK

First quarter	1981 $	1980 $
Revenue	110.3m	104.9m
Net profits	6.59m	5.62m
Net per share	0.61	0.53

AMF

First quarter	1981 $	1980 $
Revenue	293.5m	289.2m
Net profits	8.8m	7.22m
Net per share	0.39	0.32

AMPCO-PITTSBURGH

First quarter	1981 $	1980 $
Revenue	120.0m	130.5m
Net profits	7.32m	4.68m
Net per share	1.90	1.21

AQUITAINE OF CANADA

First quarter	1981 C$	1980 C$
Revenue	103.0m	69.0m
Net profits	17.4m	17.3m
Net per share	0.81	0.80

BANGOR PUNTA

Second quarter	1980-81 $	1979-80 $
Revenue	201.2m	201.3m
Net profits	7.14m	6.34m
Net per share	0.97	0.84

B.C. RESOURCES INVESTMENT

First quarter	1981 C$	1980 C$
Revenue	221.6m	110.4m
Net profits	2.7m	13.5m
Net per share	0.03	0.14

CHAMPION SPARK PLUG

First quarter	1981 $	1980 $
Revenue	223.2m	224.3m
Net profits	12.94m	16.91m
Net per share	0.34	0.44

COCA-COLA BOTTLING N.Y.

First quarter	1981 $	1980 $
Revenue	98.2m	84.4m
Net profits	1.73m	454,000
Net per share	0.09	0.03

DART & KRAFT

First quarter	1981 $	1980 $
Revenue	2.4bn	2.32bn
Net profits	96.5m	101.2m
Net per share	1.77	1.86

FOSTER WHEELER

First quarter	1981 $	1980 $
Revenue	406.1m	354.6m
Net profits	12.3m	11.6m
Net per share	0.36	0.34

HARSCO

First quarter	1981 $	1980 $
Revenue	294.0m	270.0m
Net profits	13.6m	11.8m
Net per share	1.37	1.18

HERSHEY FOODS

First quarter	1981 $	1980 $
Net profits	21.13m	13.25m
Net per share	1.49	0.94

HOLIDAY INNS

First quarter	1981 $	1980 $
Revenue	398.8m	317.1m
Net profits	27.89m	23.15m
Net per share	0.73	0.67

KERR-McGEE

First quarter	1981 $	1980 $
Revenue	916.1m	780.4m
Net profits	43.3m	47.1m
Net per share	1.67	1.82

NATIONAL GYPSUM

First quarter	1981 $	1980 $
Revenue	208.3m	212.4m
Net profits	8.48m	13.37m
Net per share	0.51	0.81

NORFOLK & WESTERN RAILWAY

First quarter	1981 $	1980 $
Revenue	448.8m	371.2m
Net profits	78.6m	48.4m
Net per share	2.43	1.55

NORTON SIMON

Third quarter	1980-81 $	1979-80 $
Revenue	748.7m	704.5m
Net profits	13.71m	22.97m
Net per share	0.30	0.46

OGDEN CORPORATION

First quarter	1981 $	1980 $
Revenue	586.6m	577.4m
Net profits	16.41m	14.97m
Net per share	1.29	1.17

PITNEY BOWES

First quarter	1981 $	1980 $
Revenue	322.3m	283.5m
Net profits	10.89m	15.46m
Net per share	0.61	0.91

A. H. ROBINS

First quarter	1981 $	1980 $
Revenue	114.7m	104.4m
Net profits	12.1m	8.93m
Net per share	0.48	0.35

ROLLINS

Third quarter	1980-81 $	1979-80 $
Revenue	111.8m	298.6m
Net profits	9.67m	7.43m
Net per share	0.36	0.27

STELCO

First quarter	1981 C$	1980 C$
Revenue	687.4m	565.6m
Net profits	45.8m	39.5m
Net per share	1.41	1.39

WENDY'S INTERNATIONAL

First quarter	1981 $	1980 $
Revenue	97.9m	76.3m
Net profits	6.97m	5.75m
Net per share	0.31	0.20

ZAPATA CORPORATION

Second quarter	1980-81 $	1979-80 $
Revenue	132.7m	100.5m
Net profits	10.91m	7.91m
Net per share	0.50	0.42

AUSTRALIAN BANKING

CBA gets a surprise merger offer

BY OUR SYDNEY CORRESPONDENT

THE AUSTRALIAN banking world was jolted yesterday when the Commercial Bank of Australia announced it had received merger proposals from another Australian bank. The identity of the other party was clouded in mystery, however, and the situation was further confused by denials by other leading local banks that they were involved.

The first news of a possible deal emerged in a two-paragraph note from the bank to the Melbourne Stock Exchange late yesterday. This said simply that the bank had received proposals which could lead to a merger with another Australian bank, and that shareholders were advised not to sell pending clarification of the situation.

In the half-year to December, the CBA reported a decline in earnings of 1 per cent to A$19.77m (US$22.7m), in spite of a 12 per cent increase in earnings, to A$6.3m, at General Credits, the bank's finance arm.

The CBA is ranked well behind the leading Australian bank, the ANZ Banking Group, in terms of profit, in fifth position. The ANZ achieved a record profit of A$135.9m in the year ended September 30, and although the CBA makes up its books at the end of the traditional financial year it last reported an A$38.14m annual profit, a 7 per cent increase on previous year.

The CBA's immediate rival is the Commercial Banking Company of Sydney, which in the 1979-80 year had a 33 per cent jump in after-tax earnings, to A$34.50m.

The CBA has the lowest ratio of shareholders' funds as a percentage of external liabilities and total assets among the five major private sector trading banks. It has stated assets per share of A$4.49, compared with the last sale price on the Sydney Stock Exchange of A$3.40 yesterday.

Despite the uncertainty about the potential bidder, the reason, it is thought, why the CBA might be interested in a merger is tied up with the forthcoming release of the recommendations of the Campbell Committee of Inquiry into the Australian financial system.

The Inquiry's findings, expected to be tabled in the Australian Parliament later this year, have foreshadowed foreign banks being allowed into the country on a limited basis and their entry to the market providing stiff competition for the local bankers.

For this reason, it would be logical for the small Australian banks to seek mergers to enable them better to fend off the the competition from the newly admitted overseas banks.

Record quarterly result for Matsushita

By Yoko Shibata in Tokyo

JAPAN'S LEADING manufacturer of home electronic appliances, Matsushita Electric Industrial Company, raised its consolidated net profits by 22 per cent to a record Y31.76bn ($152.4m) in the first quarter of the financial year, from Y26.09bn in the same period the previous year.

Sales in the three months to February 28 were the highest for a first quarter, at Y771.1bn ($3.6bn), up 20 per cent, from Y641.73bn.

The improvement was based on strong exports, led by videotape recorder sales, which increased 93 per cent to Y142bn, or 18 per cent of total turnover, with 73 per cent of sales made abroad.

Overseas sales as a whole were up 45 per cent, to account for 45.1 per cent of the total turnover. This compensated for relatively weak domestic sales, which were up 5 per cent.

Exports of colour television sets were slack, because of heavier sales competition in the Middle East. Set against this, however, was a substantial increase in sales of audio equipment and radio cassette tape recorders in overseas markets of more than 30 per cent. Profit margins on VTR sales rose as a result of increased production.

Matsushita expects a further increase in VTR exports in the rest of the financial year. VTR production capacity is to be raised to 200,000 units a month this summer, from the current 150,000 units, in response to demand. Strength in VTR sales is expected to cover unstable sales of summer goods such as air conditioners.

In February, Matsushita forecast that consolidated net profit for the full year would be Y137bn, up 10 per cent on consolidated sales of Y3,300bn, up 13 per cent.

● Mitsui and Co., the Tokyo-based international trading corporation, has strengthened its office product, computer and communications marketing by bringing these activities together into a single unit. It will be known as the Information Processing and Electronics Systems Division.

Setback for Tung container offshoot

By Adrian Boven in Hong Kong

ORIENT OVERSEAS Container Holdings, the listed company of the C. Y. Tung shipping group, yesterday reported after-tax profits for 1980 of HK$150.89m (US$28.12m), 12 per cent down from the HK$169.04m for the previous year. The company also reported an extraordinary gain, however, of HK$64.29m from the sale of shares.

The final dividend was set at 22 cents a share, making a total for the year of 32 cents a share, an adjusted 18.5 per cent higher than the previous year. Shareholders will also receive a one-for-ten scrip issue.

The directors attributed the profit decline to extensive competition on major container routes, high fuel costs, and recession in the group's major markets.

In order to bring the tonnage of Pacific routes more in line with demand, one of OOCH's principal subsidiaries, Orient Overseas Container Line, along with the Korea Shipping Corporation and Neptune Orient Line, plan to reduce the number of ships they operate.

At the same time, OOCL will merge with Seapac Container Service — formerly Seatrain Pacific, in which it acquired all the shares earlier this year after the troubled American line ran into cash flow problems.

Rush for Caltex Australia issue

BY COLIN CHAPMAN IN SYDNEY

THE RUSH for shares in Caltex Australia, under which the parent U.S. oil company offered 25 per cent of its local capital to Australian investors for A$90m (U.S.$103m), while it may be welcomed by the company, it has created problems for stock exchanges and the stockbroking community.

The float, the first of any significance by a multinational in Australia for many years, was heavily oversubscribed, but the small investor pushed aside. Despite publicity designed to capture his imagination—with Mr. John Landels, the chairman, saying he was delighted to be able to offer ordinary Australians a share in the company's development.

For two days the switchboard of Ord Minnett, the brokers, and Martin Corporation, the merchant bankers, joint underwriters of the float, have been jammed by investors seeking to obtain some of the 45m Caltex Australia shares on offer at A$2 each. Many, when they could not get through turned up at the underwriters' offices only to find that there were no prospectuses left.

The past 24 hours has seen spirited adverse comment in the Press, and last night the chairman of the Sydney Stock Exchange, Mr. Frank Mullens, undertook to try and seek ways of helping the small investors in the future.

Ords and Martin are understood to have committed 50 per cent of the 45m Caltex shares in the issue to institutions, leaving 50 per cent for allocation between their clients, those of participating brokers, and employees of Golden Fleece, the national petrol outlets networks which was recently brought into the group.

The Caltex float has coincided with an announcement that Caltex Australia had lifted its 1980 consolidated profit by 21 per cent to a record A$51.6m on a 30 per cent turnover increase to A$1.1bn.

Growth at Ampol Exploration

BY OUR SYDNEY CORRESPONDENT

AMPOL EXPLORATION has lifted earnings by 18.2 per cent from A$5.4m or 9.8 cents a share to A$6.4m (U.S.$7.4m) or 10.3 cents a share in the half year to March. The dividend has been held at a steady 5 cents a share on capital increased by a 1-for-10 scrip issue last October, but excludes new shares from the more recent 1-for-4 scrip issue.

Pioneer Concrete Services recently acquired a controlling 49 per cent stake in the company's parent Ampol Petroleum, following a short but spirited battle for control. Turnover in the latest period before the collection of the crude oil levy imposed by the Australian Government, jumped 24.7 per cent from A$17.5m to A$21.26m.

While production and sales of crude oil from Barrow Island, off the West Australian coast, dipped slightly for the second successive year, a big drop in the group's tax bill and the world parity oil pricing policy helped it to a higher profit.

Ampol Exploration is a member of the West Australian Petroleum Pty (Wapet), consortium which operates the Barrow Island oil field and the Dongare gas field. It holds a one-seventh interest. Other members are Shell Development Australia, Texaco Overseas Petroleum and California Asiatic Oil.

Group profit was enhanced by dividend payments of A$1.02m on the 18.2m shares bought in its parent, Ampol Petroleum, last year during the takeover battle with Pioneer Concrete.

French Bank SA plans to set up merchant bank

BY BERNARD SIMON IN JOHANNESBURG

FRENCH BANK of South Africa, which is 55 per cent owned by Banque de L'Indochine et de Suez, is to establish a new merchant bank, to be called French Merchant Bank. The South African Government has approved a licence for the bank which will have an initial authorised capital of R2m ($2.46m).

The bank is expected to be in operation before the end of 1981, and full details of its operations will be released later.

Its business will cover "normal merchant banking activities." There are eight merchant banks at present operating in South Africa.

French Bank ranks about halfway among the country's eleven clearing banks. Its assets totalled R312m ($384m) at the end of 1980. The bank specialises in arbitrage and Financial Rand operations, and has close ties with the local subsidiaries of French companies and the South African wool industry.

General Mining Union Corporation, South Africa's second largest mining house, is a large minority shareholder in the bank, whose shares are listed on the Johannesburg Stock Exchange.

Sharp rise in Amrel profits

By Our Johannesburg Correspondent

AMALGAMATED RETAIL (Amrel), the 67 per cent-owned furniture and shoe retailing arm of South African Breweries, benefited strongly from the consumer spending boom in the year to March 31. Pre-tax profit rose 59 per cent, from R14.7m to R23.3m ($28.5m), while turnover was 38 per cent ahead at R175.1m, from R126m.

The directors say the improvement was the result not only of higher consumer spending but also of successful trading by new stores. Twenty furniture stores were opened, increasing the number of outlets to 150, and about 40 shoe stores were opened to give a total of 250.

A total dividend of 65 cents has been declared from earnings of 196.4 cents a share. In 1979-80, earnings were 124.2 cents and the total dividend 41.5 cents a share.

Plascon-Evans moves ahead

By Our Johannesburg Correspondent

SOUTH AFRICA'S largest paint manufacturer, Plascon-Evans, which is 80 per cent-owned by Barlow Rand, has raised half-year pre-tax profit to R11.9m ($14.6m) from R10.1m in the same period of 1979-80. Turnover rose to R95.4m from R81.7m. Turnover for the whole of 1979-80 was R175.6m and pre-tax profit R22.3m.

Though turnover and profit are expected to grow in the current six months, the company says that the growth rate may not match that of last year's second half. Paint sales to the building industry remain buoyant. But during the past three months there has been a slowdown in growth of sales in the consumer market.

An interim dividend of 6 cents a share has been declared from first half earnings of 35.5 cents a share, compared with 5 cents a share on first half earnings 21.1 cents previously.

Romatex pre-tax income up 45% at half-time

BY OUR JOHANNESBURG CORRESPONDENT

ONE OF South Africa's largest textiles and floor coverings manufacturers, Romatex, which is controlled by Barlow Rand, increased pre-tax income by 45.3 per cent to R24.2m ($29.7m) in the six months to March 31 from R16.6m in the corresponding period of 1980. Pre-tax profit for the year to September 30 1980 was R38.8m.

The company has experienced a slowing down of the growth in demand which started towards the end of 1979, particularly in the semi-durable sector of the market. But management expect that profits will be higher during the current six months than in the first half. Last year a heavy capital expenditure programme increased plant capacity significantly in certain operating divisions.

In addition, South African textile producers are threatened by cheap imports from the east, though Romatex directors believe that the diversity of the company's operations should help offset this.

An interim dividend of 22 cents a share has been declared from first half earnings of 61.2 cents a share. During the same period of 1980 a dividend of 24 cents was paid from earnings of 38.6 cents a share. These earnings and payments are not strictly comparable, says management, as in 1980 the financial year-end was changed from March to September.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 29, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	4.7146
Algeria	Dinar	4.1876
Andorra	Fr. Franc	5.2355
	Sp. Peseta	88.43
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso	3135.00
Australia	Dollar	0.8687
Austria	Schilling	15.62
Azores	Port. Escudo	59.07
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	88.43
Bangladesh	Taka	13.9498
Barbados	Dollar	2.01
Belgium	Franc (C)	35.98
	Franc (F)	37.21
Belize	Dollar	2.00
Benin	C.F.A. Franc	261.775
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.30
Bolivia	Peso	24.51
Botswana	Pula	0.804
Brazil	Cruzeiro	81.00
Brunei	Dollar	2.1175
Bulgaria	Lev	0.90
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	261.775
Canada	Dollar	1.1972
Canary Is.	Sp. Peseta	88.43
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	261.775
Chad	C.F.A. Franc	261.775
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.6754
Colombia	Peso (O)	51.75
Comoros	C.F.A. Franc	261.775
CongoP'ple.Rep.of	C.F.A. Franc	261.775
Costa Rica	Colon (O)	8.60
Costa Rica	Colon	21.04
Cuba	Peso	0.7313
Cyprus	Pound*	2.474
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	Dobra	37.7037
Denmark	Krone	6.953
Djibouti Rp. of	Franc	178.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.12
Egypt	Pound*	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	176.86
Ethiopia	Birr (O)	2.0609
Faeroe Is.	Dan. Krone	6.953
Falkland Is.	Pound*	2.1423
Fiji	Dollar	0.8299
Finland	Markka	4.199
France	Franc	5.2355
Fr. C'ty in Af.	C.F.A. Franc	261.775
Fr. Guiana	Franc	5.2355
Fr. Pac. Is.	C.F.P. Franc	90.5569
Gabon	C.F.A. Franc	261.775
Gambia	Dalasi	1.8672
Germany (E)	Ostmark (O)	2.2095
Germany (W)	Mark	2.2095
Ghana	Cedi	2.75
Gibraltar	Pound*	2.1423
Greece	Drachma	53.60
Greenland	Dan. Krone	6.953
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.2355
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	36.6622
Guinea Rep.	Syli	20.5686
Guyana	Dollar	2.5758
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.3665
Hungary	Forint	32.55
Iceland	Krona	6.527
India	Rupee	8.30
Indonesia	Rupiah	629.00
Iran	Rial (O)	75.55
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.6537
Israel	Shekel	9.13
Italy	Lira	1098.50
Ivory Coast	C.F.A. Franc	261.775
Jamaica	Dollar	1.7834
Japan	Yen	214.50
Jordan	Dinar	0.3265
Kampuchea	Riel	n.a.
Kenya	Shilling	8.4573
Kiribati	Aust. Dollar	0.8687
Korea (Nth)	Won	0.94
Korea (Sth)	Won	678.10
Kuwait	Dinar	0.2761
Lao P'pls D. Rep	Kip	10.00
Lebanon	Pound	4.0525
Lesotho	Loti	0.817
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0125
Luxembourg	Lux Franc	35.98
Macao	Pataca	5.5873
Madagascar D. R.	Franc	261.775
Madeira	Port. Escudo	59.07
Malawi	Kwacha	0.877
Malaysia	Ringgit	2.309
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	523.55
Malta	Pound*	2.592
Martinique	Franc	5.2355
Mauritania	Ouguiya	52.355
Mauritius	Rupee	8.3323
Mexico	Peso	23.87
Miquelon	Fr. Franc	5.2355
Monaco	Fr. Franc	5.2355
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.9396
Mozambique	Metica	27.8439
Namibia	S.A. Rand	0.817
Nauru Is.	Aust. Dollar	0.8687
Nepal	Rupee	12.00
Netherlands	Guilder	2.456
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1124
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	261.775
Nigeria	Naira (O)	0.5917
Norway	Krone	5.538
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6667
Paraguay	Guarani	126.00
P'pls D. Rp. of Yemen	Dinar	0.3415
Peru	Sol	403.29
Philippines	Peso	7.795
Pitcairn Is.	N.Z. Dollar	1.1124
Poland	Zloty (O)	31.00
Portugal	Escudo	59.07
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr.Franc	5.2355
Romania	Leu	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.1423
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.2355
St. Vincent	E. Caribbean $	2.7025
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1098.50
Saudi Arabia	Riyal	3.3596
Senegal	C.F.A. Franc	261.775
Seychelles	Rupee	6.9322
Sierra Leone	Leone	1.139
Singapore	Dollar	2.1175
Solomon Is.	Dollar	0.8299
Somali Rep.	Shilling	6.295
South Africa	Rand	0.817
Spain	Peseta	88.43
Span. Ports in N. Africa	Sp. Peseta	88.43
Sri Lanka	Rupee	18.3448
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.817
Sweden	S. Krone	4.719
Switzerland	Franc	2.0125
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.2388
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	261.775
Tonga Is.	Pa'anga	0.8687
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.4813
Turkey	Lira	99.18
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8687
Uganda	Shilling	8.049
Utd. A'b. Emir.	Dirham	3.6721
Utd. Kingdom	Pound Sterling*	2.1423
Upper Volta	C.F.A. Franc	261.775
Uruguay	Peso	10.469
U.S.S.R.	Rouble	0.7403
Vanuatu	Vatu (5)	84.6141
Vanuatu	Aust. Dollar	0.8687
Vatican	It. Lira	1098.50
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Tala	1.0288
Yemen	Rial	4.57
Yugoslavia	Dinar	32.19
Zaire Rp.	Zaire	3.55
Zambia	Kwacha	0.8534
Zimbabwe	Dollar	0.6623

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanuatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.

Dollar quiet

Dollar showed little change on balance in quiet foreign exchange trading yesterday. It lost ground in the early afternoon following the initial decline of the U.S. Federal funds overnight interest rate, but then recovered as a result of the sharp rise in the Federal funds rate, which touched 20 per cent around the close of trading in London. The market was quiet ahead of the long holiday weekend in Europe.

Sterling also moved only slightly, finishing unchanged against major currencies in general, but easing slightly in terms of the dollar.

European currencies were only slightly changed, with the D-mark remaining at the top of the European Monetary System, but weakening a little on news of the West German trade deficit for March. The Belgian franc recovered some of Wednesday's lost ground.

DOLLAR—Trade-weighted index (Bank of England) rose to 103.3 from 103.2. The U.S. currency weakened to DM 2.2050 against the D-mark, but improved to DM 2.21 at the close, compared with DM 2.2110 on Wednesday. It also weakened slightly to SwFr 2.02 from SwFr 2.0210 in terms of the Swiss franc, but rose to Y215.60 from Y214.65 against the Japanese yen.

STERLING — Trade-weighted index (Bank of England) was unchanged at 98.9. It opened at 98.8, and rose to 98.9 at noon. The pound began trading at \$2.1390-2.1400, and fell to a low of \$2.1350-2.1360, before touching a best level of \$2.1470-2.1480, and closing at \$2.1400-2.1410, a fall of 20 points on the day, and the lowest closing level since early April last year.

D-MARK—Strongest member of the European Monetary System and maintaining its position despite a weaker tendency in German interest rates over the past few weeks. This has caused the D-mark to lose ground against the dollar however, while U.S. rates remained firm. Recent trade figures from the U.S. and Germany have also tended to work in favour of the dollar, but tension over Poland is less of a market factor—The D-mark lost ground against most currencies at the Frankfurt fixing, with the dollar rising to DM 2.2145 from DM 2.043. The Bundesbank sold \$[illegible]m at the fixing, but was not active on the open market. High U.S. interest rates, including the rise to 18 per cent in bank prime lending rates, and the recent decline in German rates have contributed to the strength of the dollar. At the same time the U.S. trade deficit for March was the lowest for five years, while Germany's trade figures swung back to a deficit in March from a surplus in February. But the deficit of DM 134m was much less than some estimates, which ranged up to DM 1bn.

FRENCH FRANC—Showing a weaker trend despite the steadiness of Paris interest rates. The franc's decline reflects the upward move in U.S. interest rates, and nervousness about a possible socialist victory in the second round of Presidential election—The franc weakened against most currencies at the Paris fixing, with the D-mark rising to FFr 2.3709 from FFr 2.3698. Other members of the EMS also appreciated, while sterling rose to FFr 1.2505 from FFr 11.2090. The dollar rose to its highest level for nearly 10 years, and was fixed at FFr 5.2540, compared with FFr 5.2265. Firmer U.S. interest rates and the sharp reduction in the latest U.S. trade deficit were the major factors.

THE POUND SPOT AND FORWARD

April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1350-2.1480	2.1400-2.1410	0.90-1.00c dis	−5.33	2.35-2.45dis	−4.48
Canada	2.5576-2.5690	2.5610-2.5630	1.10-1.20c dis	−5.39	3.05-3.25dis	−4.92
Nethlnd.	5.24½-5.27½	5.24½-5.25½	1¼-¼c pm	1.71	2-1 pm	1.14
Belgium	76.75-77.30	76.75-76.85	30-40c dis	−5.47	80-95 dis	−4.56
Denmark	14.88-14.95½	14.88¼-14.89¼	2-3⅞ore dis	−2.27	8¾-10½ dis	−2.69
Ireland	1.2910-1.2960	1.2920-1.2940	0.24-0.37p dis	−2.82	0.89-1.04dis	−2.99
W. Ger.	4.72-4.75¼	4.72½-4.73½	⅜pf pm-⅛ dis	0.32	⅛-⅜ dis	−0.32
Portugal	126.60-127.50	126.80-127.00	10-70c dis	−3.78	15-185 dis	−3.15
Spain	190.00-191.10	190.25-190.45	90-125c dis	−6.78	265-310 dis	−6.04
Italy	2,344-2,361	2,345-2,348	11½-13½ lire dis	−6.52	39¼-41¼dis	−6.36
Norway	11.84½-11.89½	11.85-11.86	1½ore pm-½ dis	0.32	2-½ pm	0.42
France	11.27-11.27	11.23½-11.24½	⅛-1½c dis	−1.20	4½-6½ dis	−0.89
Sweden	10.16-10.22	10.17½-10.18½	N/A	—	N/A	—
Japan	459-463	461½-462½	2.20-1.90y pm	5.33	5.80-5.50 pm	4.39
Austria	33.46-33.59	33.46-33.51	1gro pm-3 dis	−0.36	5 pm-4 dis	0.06
Switz.	4.31½-4.34¼	4.31¾-4.32¾	1½-½c pm	2.78	3¼-2¾ pm	2.78

Belgian rate is for convertible francs. Financial franc 79.45-79.55. Six-month forward dollar 4.60-4.70c dis. 12-month 7.40-7.60c dis.

THE DOLLAR SPOT AND FORWARD

April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1350-2.1480	2.1400-2.1410	0.90-1.00c dis	−5.33	2.35-2.45dis	−4.48
Ireland†	1.6505-1.6585	1.6550-1.6580	0.30-0.40c dis	−2.54	0.60-0.70dis	−1.57
Canada	1.1950-1.1968	1.1960-1.1966	0.17-0.22c dis	−1.96	0.24-0.29dis	−0.88
Nethlnd.	2.4530-2.4660	2.4530-2.4560	1.45-1.35c pm	6.82	3.92-3.82 pm	6.28
Belgium	35.89-36.02	35.89-35.91	4c pm-1 dis	0.50	1pm-4 dis	−0.17
Denmark	6.9450-6.9830	6.9450-6.9500	2.30-1.80ore pm	3.52	4.50-4.00 pm	2.43
W. Ger.	2.2050-2.2175	2.2095-2.2105	1.06-1.00pf pm	5.59	2.43-2.37 pm	4.34
Portugal	59.25-59.50	59.25-59.40	15c pm-15 dis	—	40pm-35dis	−0.17
Spain	88.90-89.35	88.90-89.00	5-15c dis	−1.34	15-35 dis	−1.12
Italy	1,087-1,104	1,097-1,099	0.75-1.25 lire dis	−1.09	6.25-7.25dis	−2.45
Norway	5.5325-5.5650	5.5375-5.5425	2.90-2.40ore pm	6.73	7.40-6.90 pm	5.15
France	5.2330-5.2575	5.2425-5.2475	1.97-1.87c pm	4.38	4.10-3.90 pm	3.04
Sweden	4.7400-4.7776	4.7550-4.7600	N/A	—	N/A	—
Japan	214.80-216.85	215.55-215.65	1.65-1.50y pm	8.77	4.75-4.60 pm	8.67
Austria	15.61½-15.67	15.65-15.66½	7.30-6.00gro pm	5.09	20.50-17.00pm	4.79
Switz.	2.0135-2.0270	2.0195-2.0205	1.49-1.38c pm	8.50	3.92-3.82 pm	7.68

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.9	−25.9
U.S. dollar	103.3	−1.6
Canadian dollar	86.3	−17.7
Austrian schilling	114.6	+22.1
Belgian franc	107.6	+9.8
Danish kroner	87.7	−11.4
Deutsche mark	119.5	+39.8
Swiss franc	132.8	+74.0
Guilder	110.7	+14.6
French franc	85.1	−10.4
Lira	59.0	−55.3
Yen	144.0	+39.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.560551	0.536194
U.S. $	13	1.20098	1.14987
Canadian $	17.40	1.43789	1.37616
Austria Sch.	6¾	18.7175	17.9379
Belgium F.	14	43.1993	41.3837
Danish K.	11	8.33600	7.99860
D mark	7½	2.64732	2.53833
Guilder	9	2.94660	2.82177
French Fr.	9½	6.27692	6.01495
Lira	19	1318.58	1262.84
Yen	6¼	(U)	246.589
Norwgn. Kr.	9	6.64522	6.36739
Spanish Pta.	8	106.84	102.338
Swedish Kr.	12	5.70922	5.46900
Swiss Fr.	4	—	2.31606
Greek Dr'ch.	20½	—	61.7939

OTHER CURRENCIES

April 30	£	$		£ Note Rates
Argentina Peso	6766-6786	3154-3184	Austria	33.30-33.65
Australia Dollar	1.8630-1.8650	0.8695-0.8699	Belgium	79.00-79.80
Brazil Cruzeiro	173.56-174.56	80.95-81.35	Denmark	14.85-15.00
Finland Markka	9.0209-9.0400	4.2050-4.2090	France	11.16-11.26
Greek Drachma	115.678-116.583	53.80-53.90	Germany	4.72-4.76½
Hong Kong Dollar	11.50-11.51½	5.3705-5.3725	Italy	2310-2370
Iran Rial	164.20*	76.65*	Japan	459-465
Kuwait Dinar(KD)	0.586-0.592	0.27575-0.27600	Netherlands	5.24-5.27
Luxembourg Frc.	76.75-76.85	35.89-35.91	Norway	11.80-11.92
Malaysia Dollar	4.96-4.97	2.3170-2.3190	Portugal	123½-132
New Zealand Dlr.	2.3820-2.3840	1.1132-1.1144	Spain	185¼-196¼
Saudi Arab. Riyal	7.14-7.20	3.3598-3.3618	Sweden	10.16-10.26
Singapore Dollar	4.53½-4.54½	2.1180-2.1200	Switzerland	4.31-4.35
Sth African Rand	1.7530-1.7550	0.8190-0.8200	United States	2.13¼-2.15¼
U.A.E. Dirham	7.81-7.87	3.6718-3.6738	Yugoslavia	75½-80

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3076	+1.25	+1.19	±1.5361
Danish Krone	7.91917	8.00607	+1.10	+1.04	±1.6413
German D-Mark	2.54502	2.53953	−0.22	−0.28	±1.1386
French Franc	5.99526	6.02220	+0.45	+0.39	±1.3638
Dutch Guilder	2.81318	2.82333	+0.36	+0.30	±1.5159
Irish Punt	0.685145	0.693698	+1.25	+1.19	±1.6688
Italian Lira	1262.92	1264.60	+0.13	+0.13	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 30	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.141	4.730	461.8	11.24	4.323	5.265	2347.	2.562	76.80
U.S. Dollar	0.467	1.	2.210	215.7	5.252	2.019	2.454	1096.	1.197	35.88
Deutschemark	0.211	0.453	1.	97.62	2.377	0.914	1.110	496.1	0.542	16.24
Japanese Yen 1,000	2.166	4.636	10.24	1000.	24.35	9.361	11.38	5082.	5.548	166.3
French Franc 10	0.889	1.904	4.207	410.7	10.	3.845	4.678	2087.	2.279	68.31
Swiss Franc	0.231	0.495	1.094	106.8	2.601	1.	1.215	542.9	0.593	17.77
Dutch Guilder	0.190	0.408	0.901	87.91	2.140	0.824	1.	446.7	0.488	14.62
Italian Lira 1,000	0.426	0.912	2.016	196.8	4.791	1.842	2.238	1000.	1.092	32.73
Canadian Dollar	0.390	0.835	1.846	180.2	4.388	1.687	2.050	915.9	1.	29.98
Belgian Franc 100	1.302	2.787	6.159	601.2	14.64	5.628	6.839	3056.	3.336	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 15/16	offer 17 1/16	bid 16 15/16	offer 17 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	12⅝-12⅞	16⅛-17⅛	16½-17½	10⅛-10⅜	7¼-7¾	11⅞-12	12⅜-12¾	18¼-19½	16-18	6½-6¾
Month	12⅛-12⅜	17¾-18	17¼-17⅝	10¾-11	9¼-9½	12⅛-12¼	13⅜-13¾	18½-19¼	16½-17	6⅛-6⅜
Three months	12½-12⅝	16⅞-17⅛	17¼-17⅝	11¼-11½	9¼-9⅜	12⅛-12⅝	13⅞-14⅛	19-19¼	16¾-17¼	7¼-7½
Six months	12⅝-12⅞	16⅞-17⅛	17-17⅜	11⅛-11¾	9⅜-9½	12-12¼	13¾-14⅛	19⅛-20¼	16¾-17¼	7⅝-7⅞
One Year	12-12¼	16-16½	16⅛-16½	11⅛-11¾	9-9⅛	12¼-12⅜	13¾-14⅛	19¼-20	15½-16	8-8¼

SDR linked deposits: one-month 13½-13⅞ per cent; three-months 13¹¹⁄₁₆-14⅛ per cent; six-months 13¹³⁄₁₆-14⅛ per cent; one-year 13½-13⅞ per cent.
ECU linked deposits: one-month 13¼-13½ per cent; three-months 13⅞-13¹³⁄₁₆ per cent; six-months 13⅜-13⅝ per cent; one-year 13¼-13½ per cent.
Asian \$ (closing rates in Singapore): one-month 17⅞-18 per cent; three-months 17⅛-17⅜ per cent; six-months 17⅛-17⅜ per cent; one-year 16⅛-16½ per cent.
Long-term Eurodollar two-years 15¾-16 per cent; three-years 15⅜-15⅞ per cent; four-years 15⅜-15⅞ per cent; five-years 15⅜-15⅞ per cent; nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.25-16.35 per cent; three-months 16.45-16.55 per cent; six-months 16.45-16.55 per cent; one-year 16.00-16.10 per cent.

INTERNATIONAL MONEY MARKET

European rates firm

Interest rates remained firm in Europe yesterday. In Paris call money stayed at 12¼ per cent, a level held since April 2 and underlining the authorities success at maintaining orderly conditions during the French Presidential election. While the French franc is no longer the strongest currency in the European Monetary System, it has not suffered the effects of any speculative trading to a great extent with the authorities maintaining interest in the franc by keeping rates high. Meanwhile the Bank of France announced a further Treasury bill auction involving FFr 2.8bn of 12-month bills to take place on May 5.

In Frankfurt call money was quoted at 11¾ per cent, virtually unchanged from Wednesday, as banks squared off positions ahead of the month end. Earlier in the week short term funds had been trading as low as 7¾ per cent with banks well on target with monthly minimum reserve requirements. However the Bundesbank has conducted several draining operations so that on Wednesday commercial banks resorted to borrowing through the special Lombard facility. The latter had been ignored recently as money rates remained well below the Lombard rate but Wednesday's borrowings at 12 per cent amounted to nearly DM 3bn. In the money market one-month money rose to 12.50 per cent from 12.35 per cent and the three-month rate was higher at 13 per cent compared with 12.95 per cent on Wednesday.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

The return to 10 per cent from 8 per cent in banks' reserve asset ratios saw funds moving into discount houses yesterday although the early official forecast gave a large shortage. This prompted very large assistance from the Bank of England which probably left money in the system to offset today's shortage. The Bank bought a small amount of Treasury bills and a moderate amount of local authority bills and eligible bank bills, all direct from discount houses. The latter were paying around 11½ per cent for secured call loans at the start but rates soon fell to between 10 per cent and 11 per cent.

The market was faced with the unwinding of a sale and repurchase agreement involving a large amount of bills and a moderate number of bills maturing in official hands. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a small amount and banks brought forward balances a moderate way above target.

In the interbank market, overnight loans opened at 12¾-12⅞ per cent and eased initially to 12-12¼ per cent before coming back on the forecast to 12¾-12¼ per cent. Rates tended to ease soon after and finished at 3-5 per cent.

GOLD

Firmer trend

Gold rose \$4¼ in fairly quiet London bullion trading, to close at \$480¼-483¼. It opened at \$477-480, and was fixed at \$481 in the morning, and \$482.75 in the afternoon. The metal touched a peak of \$482-485, with short covering of positions at the end of the month outweighing any weakness caused by the rise in U.S. interest rates.

In Paris the 12½ kilo gold bar was fixed at FFr 87,000 per kilo (\$515.03 per ounce) in the afternoon, compared with FFr 86,500 (\$511.97) in the morning, and FFr 85,800 (\$518.69) Wednesday afternoon.

	April 30		April 29	
Gold Bullion (fine ounce)				
Close	\$480½-483½	(£224¼-225¼)	\$476-479	(£221⅝-223½)
Opening	\$477-480	(£222¾-224½)	\$480-483	(£223½-225)
Morning fixing	\$481.00	(£224.798)	\$478.50	(£223.233)
Afternoon fixing	\$482.75	(£224.901)	\$477.25	(£222.442)
Gold Coins				
Krugerrand	\$495-496	(£231-231½)	\$491-492	(£228¾-229¼)
1/2 Krugerrand	\$255½-256½	(£119¼-119¾)	\$253-254	(£117¾-118¼)
1/4 Krugerrand	\$130¼-131¼	(£60¾-61¼)	\$129-130	(£60-60½)
1/10 Krugerrand	\$53½-54¼	(£24¾-25¼)	\$52½-53½	(£24½-25)
Mapleleaf	\$491-492	(£229-229½)	\$486½-487½	(£226¾-227¼)
New Sovereigns	\$120½-121½	(£56¼-56¾)	\$119½-120¼	(£55¾-56)
King Sovereigns	\$137-139	(£64-65)	\$136½-138½	(£63½-64½)
Victoria Sovs.	\$137-139	(£64-65)	\$136½-138½	(£63½-64½)
French 20s	\$183½-186½	(£85¾-87)	\$184-187	(£86-87½)
50 pesos Mexico	\$597-601	(£278½-280½)	\$593-597	(£276¼-278¼)
100 Cor. Austria	\$465-469	(£217-218¾)	\$461-466	(£214¾-217¼)
\$20 Eagles	\$583-588	(£272-274½)	\$583-588	(£271¼-274)

LONDON MONEY RATES

April 30 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-12½	12¼	—	—	11¼	9¾-11¼	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12⅝	12½-12⅝	—	12¾	12¾	11⅛-11¾	—	—	—
One month	12⅜-12¼	12⅜-12⅝	12⅝-12½	13⅛-13⅛	12¾	12¾	11⅝	11⅛-11⅜	11⅝	12¾
Two months	12⅜-12¼	12⅜-12⅝	—	12-12⅜	12¾	12¾	11⅝	11⅛-11⅜	11⅛-11⅛	12⅝
Three months	12⅛-12¼	12⅜-12⅞	12⅝	12⅞-12⅛	12¾	12¾	11⅝-11⅝	11⅛-11⅜	11⅜	12⅞
Six months	12⅛-12⅞	12⅝-12⅞	12¼	12⅛-12⅛	12⅞	12⅝	—	—	11⅛-11¼	11⅞
Nine months	12⅝-12⅝	12¼-12⅞	—	12⅜-12⅜	12⅞	12⅝	—	—	—	—
One year	12⅞-12⅞	12⅛-12⅞	12⅝	12⅛-12¼	12⅞	12⅝	—	—	—	—
Two years	—	—	12⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13⅛ per cent; four-years 13-13⅛ per cent; five years 13⅛-13⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11½ per cent; four-months trade bills 12⅛ per cent.

Approximate selling rate for one-month Treasury bills 11²⁹⁄₃₂-11⅛ per cent; two-months 11⅝-11⅛ per cent; three-months 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-months 11⅛-11⅛ per cent; three-months 11⅛-11⅞ per cent; one-month trade bills 12½ per cent; two-months 12⅛ per cent and three-months 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.2444 per cent.

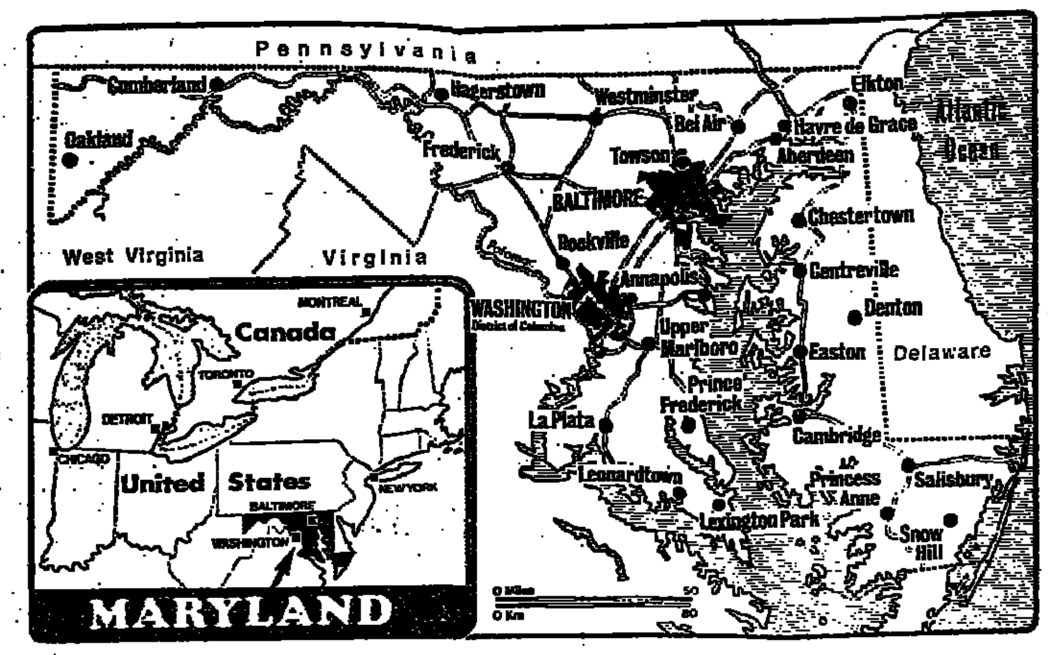
MONEY RATES

NEW YORK	
Prime Rate	17½-18
Fed. Fund	19-20
Treasury Bills (13-week)	14.36
Treasury Bills (26-week)	13.89
GERMANY	
Special Lombard	12.0
Overnight Rate	11.75
One month	12.50
Three months	13.0
Six months	12.45
FRANCE	
Intervention Rate	12.25
Overnight Rate	12.25
One month	12.8125
Three months	13.125
Six months	13.1875
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.25
Bill Discount (three-month)	7.28125

FINANCIAL TIMES SURVEY
Friday May 1 1981

Maryland

Once bedevilled by a history of labour troubles, political corruption and economic decline, Maryland was in danger of becoming a museum for relics of its colonial past and a base for Washington's commuters. Today, through prudent leadership and aggressive business initiatives, the state has achieved a revival in its fortunes and, in a time of national recession, is enjoying a buoyant and diverse economy.



A success story against the odds

By David Buchan

MARYLAND, this historic state named after Henrietta Maria, sad spouse of the unfortunate King Charles I, is staging a vigorous comeback. With above average investment and below average unemployment, it is gaining (or regaining) a reputation under Governor Harry Hughes as one of the better-managed states in the Union. Central to this happy trend is the remarkable upturn in the fortunes of its largest city, Baltimore, and the restoration of probity among its politicians in Annapolis, the state's picturesque capital.

For all its relative antiquity, Maryland looks like the leftover after the other states were carved out. The image its geography most resembles is a roughly hewn key, inserted from the Atlantic with a deep incision for the Chesapeake Bay and tapering west into Appalachia. The key can serve exporter and importer to unlock a large portion of the country, for Maryland is plumb in the *middle of the eastern seaboard* and reaches quite far towards the industrial mid west.

Many states claim to be America in microcosm and Maryland can lay claim to the cliché with as much justice as any. It spans from the rich, alluvial farmland of the "eastern shore" of the Chesapeake, with its big landholdings and Deep South roots and politics, to the hills of Western Maryland that shelter coal (and periodically Presidents at Camp David).

Recreations

This gives Maryland a diversity enabling it to weather hard economic times. Unemployment in the state is around 6 per cent, more than a percentage point below the national average. It also gives Marylanders a tremendous range of recreations, from skiing in the west to surfing in the east, as well as perhaps the world's tastiest and cheapest crustaceans out of the Chesapeake.

The heart of Maryland's renaissance is taking place in its centre, in, around and between two cities: Baltimore and Washington D.C. This is where the overwhelming proportion of new investment is being sunk. The Hughes administration is rightly proud that whereas companies announced investment in new or existing Maryland plant of only $265m in 1978 (the year Mr. Hughes won the election), this rose to $1.1bn in 1979 and $1.2bn last year. That 1979-80 investment increase is expected to create more than 30,000 jobs in the five to seven years it takes to carry the projects out.

Of course, some of this is due to plain old market forces, and has nothing to do with promotion by the state. Maryland does not give any exemptions to its taxes (which are about average among states (5 per cent sales tax, 7.5 per cent corporation tax and 2-5 per cent income tax), reasoning that one company's tax holiday would wind up as another's added burden. Nor, except in the case of the farm and service sectors is investing in Maryland likely to bring escape from trade unions.

Nevertheless, other states might do well to imitate Maryland's aggressive example in scouting for business. The state's officials claim that recent success will bring a return of $6 in state and local taxes paid for every dollar spent on promotion.

The reversal in Baltimore's fortunes has turned carping by other Marylanders at its decline into pride at its renaissance. Under the balkanised U.S. banking system, every U.S. state has its own financial centre, and Baltimore is Maryland's, but Baltimore (pronounced "Balawmer") started life, and has always been, a brawny blue collar city, attracting polyglot communities—Irish, Italian, Greek, Polish, German—as ports have done. The improvement in mainstream Baltimore and its downtown has been dramatic, with much credit due to its mayor; Mr. William Donald Schaefer.

Imaginative

The drain in manufacturing jobs has been stemmed. General Motors is modernising its Baltimore plant to the tune of $450m (one third of all new investment announced for the state last year) to produce small cars. An imaginative housing policy is helping renovate the once-decrepit inner city, and the inner harbour is being spruced up into a big tourist attraction. The result is that, Lazarus-like, the city centre is coming alive again, as was obvious last autumn when the spotlight of national media attention focused on the city for the first of the presidential campaign television debates (between Messrs. Reagan and Anderson).

The brightest spot in Baltimore's industrial future is its potential as a coal port. It is already only second to Hampton Roads, on the Virginia coast, in handling coal exports, and has plans to expand loading facilities and dredge the upper Chesapeake to take bigger ships. At present, it cannot meet demand. Anyone crossing the bay bridge sees a veritable armada of empty freighters waiting to get into the coal bunkers. In these circumstances, a brief coal strike might even come as some relief.

A totally different area of Maryland's development is Washington, or rather its suburbs on the Maryland side. Maryland is in the happy position of having its cake and eating it too, with respect to the Washington suburbs. It does not fork out for District of Columbia services but reaps the benefit of taxing a generally stable and relatively well-paid work force of federal civil servants.

Proximity to the Federal Government brings other benefits, on which Governor Hughes and his staff are trying to capitalise. In their promotion efforts, which include opening an office in Tokyo as well as one in Brussels and trips to the Far East, Europe and California, they are making a special play for high-technology electronics and medical equipment—high-paying, high-value industries. The Federal Government is a prime customer of both these growth sectors—in the case of electronics Washington, chiefly the Defence Department, is the largest buyer and major source of research funds. Virtually the same goes for the health industry in Maryland. In Maryland it gets more federal money than any other state, and has eminent institutions such as the John Hopkins hospital in Baltimore.

Maryland gives these industries immediate access to the Government and to officials and congressmen who need to be lobbied, the state's salesmen are saying. Last year they went to Silicon Valley in California to persuade companies there that the quality of life could be the same in Maryland and that Maryland had plenty of scientific and engineering talent ready and waiting. A handful of these companies are said to be actively considering whether to branch out in Maryland.

Pollution control

Interest in these sectors also stems from the fact they create rather less pollution than some of Maryland's more traditional industries (it still has one of the country's biggest steel mills, the Bethlehem Steel plant in Baltimore). Partly out of awareness of what pollution can do to neighbouring states (chemicals in New Jersey and Delaware, the Three Mile Island nuclear plant on the Susquehanna river which flows out of Pennsylvania and into the Chesapeake), Governor Hughes has made pollution control a particular concern. He has taken steps to allow disposal of low-level nuclear waste in Maryland, as well as directing his staff to work out more flexible approaches to environmental law with the aim of permitting more industry with less air pollution.

Maryland is thus becoming buoyant enough to ride out the vagaries of the national economy. Whether it is as well placed to changes in federal policy by the Reagan Administration is another matter.

Maryland has reckoned that the Reagan budget cuts—still, of course, to pass Congress — would cost it some $170m in 1980-81. That compares with a state surplus of some $110m in 1979-80. Many states like Maryland have a constitutional obligation to balance their budgets and cannot, unlike the profligate feds, go into the red. They have only two options: cut programmes or raise taxes, but the latter is no more popular than it is at the Federal level. The Maryland General Assembly this month rebuffed Governor Hughes's proposal for a modest one-cent-a-gallon increase in the state petrol tax.

In view of the impending Reagan federal budget cuts, such a tax increase was more vital than ever, but it is also an issue that probably will not be tackled until 1983, since next year is an election year for Governor Hughes and all state legislators.

Surplus

A few years ago, states would have been better placed to take up the slack in social programmes created by the Reagan Administration. In 1977 the states' overall surplus was more than $10bn; last year it had shrunk to $800m.

President Reagan has promised to cut the federal red tape on how states spend what money Washington gives them. But, as Governor Hughes gloomily notes, this would just pass the hard allocation decisions on to states, making state governors and legislators all the more prey to lobbying from single or special interest groups. For Mr. Hughes this might compound his political problem of being viewed as indecisive. No one disputes he is a better manager than his predecessors, Spiro Agnew and Marvin Mandel, both convicted of felonies, but if he wants to win re-election and the keep the Governor's yacht, he will have to brush up his image as a leader.

Baltimore: flourishing city emerges from ashes of decay

THE CITIES of the North East have been pronounced all but dead — dirty, unliveable in, plagued by crime and strikes, sunk in hopeless decay, a collection point for the poor and the minority groups. In the 1950s Baltimore, the nation's ninth largest city, seemed bound for the obituary pages when a remarkable coalition of business leaders and public officials launched a reconstruction drive to save the city.

Today, if Baltimore has not precisely risen from the ashes, it has emerged from dinginess and decline with both a striking physical face-lift and a spiritual renaissance. "Baltimore has much to celebrate. It is Comeback City, a place of life, pride and zip," says the Chicago Sun-Times. Few U.S. publications have not lauded Baltimore's revival, its newly created skyline with steel and glass towers and its beautified, restored neighbourhoods.

In an era when nostalgia for bygone times predominates in fashions, films and even in the nation's political direction Baltimore, "a small big city," is now an "in" place, much as San Francisco and New York City were before it. Yet, urban renewal aside, Baltimore is no trendy's town. It is a working man's city, 54 per cent black, where the tone is set by the European ethnic groups who settled in its close-knit neighbourhoods and worked on the waterfront or in its factories. Old-time values of fiscal prudence and hard work prevail here.

Baltimore's revival rests very much on a proud past which endowed it with housing worth preserving, a good public works system and a thriving port 200 miles inland and closer to the Midwest than any other on the Eastern seaboard. The city was named for the first Lord Baltimore, George Calvert, who was ceded the colony of Maryland by Charles I but who died before setting foot there. It has had many famous inhabitants, including the poet Ogden Nash, the baseball star Babe Ruth, and Wallis Simpson, later the Duchess of Windsor. Thomas Wolfe died in Baltimore. Edgar Allen Poe is buried there.

Much as Maryland, a border state in the Civil War, is a blend of North and South, so is its largest city. Its inhabitants speak a unique blend of accents ("Bawlamerese") calling water "wooder," phone "phane," and oil "awl."

Stagnation

During the Civil War Baltimore attempted a policy of neutrality, but Northern troops invaded, seizing its railroad and crippling the city, which was important as a centre for shipping, wholesaling and warehousing. Lack of investment capital after the war, which led to a period of economic stagnation and produced a town without any single large manufacturer, created a city of diverse, small-scale industry as it continues to be today.

Always a place of bustle and creativity, it was from here that the Baltimore clipper ships dominated commerce and where Americans constructed their first common carrier railroad, the Baltimore and Ohio. It was in Baltimore that the first ouija board was invented and it claims to have manufactured the first umbrella.

The story of the saving of modern Baltimore is a new chapter in the city's history. In 1955 about 100 top local employers formed the Greater Baltimore Committee. In that era, the business community and the politicians were at odds with each other. City officials, finding it politically expedient to represent "the little man," pursued anti-business policies which were driving companies and a white middle class out to the suburbs.

To reverse these counter-productive measures, the late Mr. Charles H. Buck, chairman of the Greater Baltimore Committee, met with Mayor Thomas D'Alesandro, Jr., and offered him a deal. The Commission had raised $225,000 to hire a staff to develop a master plan for the city. However, the Mayor, for his part, would have to make his staff available to the planners and ensure its co-operation. The development of the master plan was the beginning of an extraordinary business-government partnership.

As the city is blessed with natural and renewable resources so it has been fortunate in its political leadership. Under a succession of six excellent mayors, its revival has centred on two goals: renewing the central downtown business district and reviving the failing neighbourhoods.

The sixth and current Mayor, William Donald Schaefer, who is serving his third four-year term, is popularly reported to be "married to the city." A plain-spoken, dedicated and driving man, he lives with his mother in his old neighbourhood and presides over a complex web of programmes for creative housing, industrialisation, commercial revitalisation and employment re-training. Mrs. Sandy Hillman, who heads the city's promotion efforts, said of the Mayor: "He is a father figure. People here want to help him. They don't want to give him a hard time."

The Mayor's frugal budget resulted in a $52m surplus in 1975, boosted the city's credit rating from A to A-1 and saved the city hundreds of thousands in interest charges on the bond issues which finance much of the reconstruction.

Downtown Baltimore's physical rebirth began in 1959 with Charles Center, a 33-acre site in the heart of the central business section where skyscrapers are sprinkled among renovated handsome old buildings, which brought $95m worth of private investment into the area. "Charles Center changed the image of the city from hopeless and run-down to one of success," said Mrs. Barbara Bonnell, director of information for Charles Center-Inner Harbor Management.

From the Center, now 85 per cent completed, the city's renaissance gathered momentum and launched into a 240 acre $1bn project to rebuild the moribund inner harbour. The area now includes a $45m convention centre with an adjoining hotel, I. M. Pei's 30-storey pentagonal World Trade Center, the Maryland Science Center, an $18m aquarium now under construction and Harbor Place —twin glass waterfront pavilions with 130 shops and restaurants.

A profusion of festivals, concerts, parades, outdoor sculptures and building murals attract visitors and residents downtown revitalising its spirit as well as its business. While downtown development has mushroomed, the revitalisation of neighbourhood commerce and housing has been nursed along by the Department of Housing and Community Development.

Inspection

Working through neighbourhood organisations, the Department has fostered an endless array of programmes, beginning with a strict inspection programme which brought many dilapidated buildings into the city's hands. The Department then introduced the Vacant House Programme, through which city-owned houses were rehabilitated and then rented to low-income families.

Under a popular "homesteading" scheme the city sold houses for $1 and obliged the owners to rehabilitate them. Buyers were given low-interest loans and legal title to the property only after living there for at least 18 months. Other property owners wishing to renovate their own homes are lent money by the city at 7 per cent interest for 20 years.

Despite its tremendous progress, Baltimore is not without its headaches. The cost of services is rising, and Baltimore has many to serve. It has 30 per cent of the state's elderly and 65 per cent of its welfare cases. Unemployment is about 12 per cent, worse among blacks, and bound to increase as public service job programmes are cut by the Reagan administration. The city has been a major beneficiary of federal aid, a prop soon to be truncated.

However, the city fathers claim they are not discouraged. Six industrial parks, several with job training programmes, have been built or are under construction and are expected to provide 9,000 new jobs. The city has also designed more housing programmes to continue luring in higher income residents whose taxes will help pay for the needs of the poor. Baltimore has recaptured enough pride and self-confidence to believe it can withstand even the loss of much of the federal aid which contributed so greatly to its rebirth.

Nancy Dunne

Careful Governor retains clean image

FOR A politician, Harry Hughes is a shy introvert. His own staff say his best work is from behind a desk, journalists complain he is "poor copy," and his political detractors claim the Democratic Governor is inept at leadership.

Certainly, midway through his third year in the Annapolis State House, Mr. Hughes remains an enigma to many Marylanders. In fact, there is more substance to the Hughes record than his style would suggest, particularly in the economic development and fiscal management of Maryland. Nor, at the moment, does he have serious political rivals appearing on the horizon for next year's gubernatorial race.

However, Mr. Hughes was this month rebuffed by the State's legislature on two key issues: bills to increase the state petrol tax and to streamline the state's horse-racing industry. Mr. Hughes took the defeats in good part, noting compensating successes on other issues. Unfortunately, this has reinforced the impression that he is weaker than the traditional mould of Maryland governor, and he will certainly have to trumpet his achievements if he wants to be elected for a second term in 1982.

Mr. Hughes was elected as a "Mr. Clean" candidate to make a break with the national reputation Maryland had acquired for political corruption. This reputation went back more than just a few years: in the early 1960s a Speaker of the State House of Delegates went to jail, as have some County Executives. But the culmination came in the scandals surrounding Mr. Hughes's two immediate predecessors: Mr. Spiro Agnew, former County Executive, Governor and Vice-President, and Mr. Marvin Mandel, a former two-term Governor and still in jail.

Commonplace

Mr. Agnew argued that the money he took from businessmen during his political life was a commonplace practice among Maryland politicians, and it seems this was so. A lot of public expenditure has been poured into construction in a state which has not always had the tightest of civic ethics.

Mr. Hughes was well placed in 1978 to capitalise on public revulsion against these practices. With a solid career in state legislation behind him, he had made corruption an early issue two years before by resigning as the state's Transportation Secretary on the grounds that Mr. Mandel was tampering with the award of highway contracts.

So far no whiff of scandal has attached itself to the Hughes Administration. During the past three years Mr. Hughes' emphasis on good management has come to focus less on corruption, and far more on prudent and conservative fiscal management. Though he started life as a liberal, Mr. Hughes says his current preoccupation is "making sure the state can live within its means," and if possible, lighten the load of government on tax payers.

He is proud of having returned more than $1bn over a four-year term to individuals and local government by a $500m reduction in state sales and income tax, and $600m returned to local governments to ease pressure on property tax rates.

The political journey which Mr. Hughes has made—from liberal reformer and welfare spender to careful husbander of limited public resources—is along the same route that many in the Democratic party are travelling. Whether Mr. Hughes chooses to capitalise on this and make a bid for a role on the national political level is another matter.

Certainly, Maryland's two U.S. Senators would be very difficult to challenge. Both have built up strong personal positions and, though in different parties, are in the progressive mainstream of Maryland politics. In particular, the Republican Senator, Charles Mathias, must be considered virtually impregnable. Not only has he served Maryland punctiliously well for 13 years in the Senate, building up much respect for himself from colleagues there, but he has a national importance as one of the last East Coast liberal Republicans.

Diminishing band

The death of Nelson Rockefeller, the 1980 political demise of Jacob Javits and, most important, the triumph of Ronald Reagan in capturing the party and then the country, are all factors which have diminished the band of liberal Republicans. The few that remain seem to be on either coast—Mathias in the East, Hatfield and Packwood in the Pacific north-west.

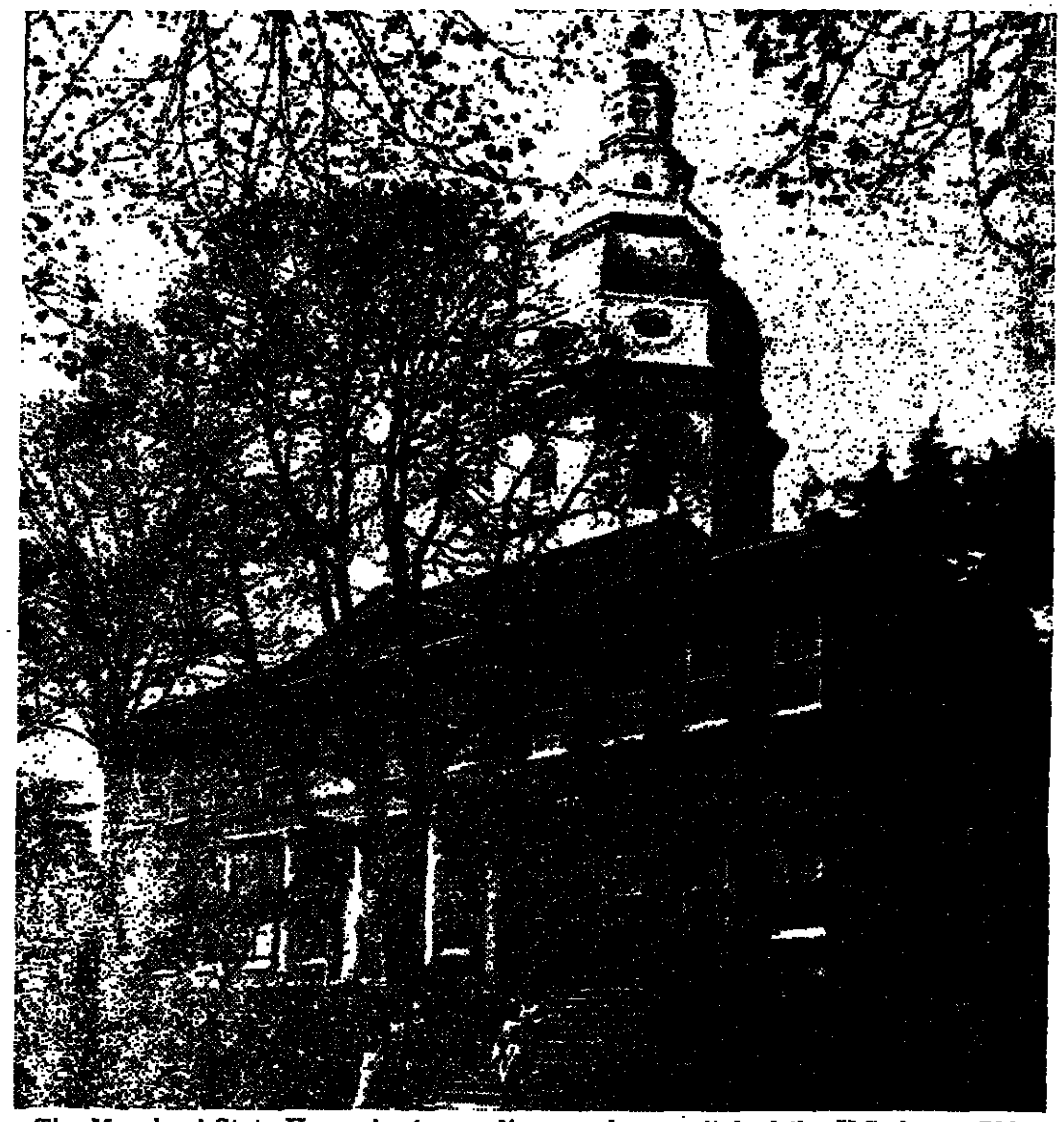
Maryland is still basically a Democratic state, though less dogmatically so each year as there are new suburbs which could easily become Republican. There are no difficulties here for Senator Mathias, however. Although he has the respect, grudging or not, of his Republican colleagues, he still retains a certain independence from the embrace of Republican administrations: wisely from the Nixon White House and, on social issues at least, Senator Mathias is a distance from the Reagan White House.

The Junior Senator, Paul Sarbanes, seems to be equally secure politically. A very able Democrat (and former Rhodes Scholar), Senator Sarbanes appears to be well set for re-election next year, even though by a curious fluke his particular Senate seat has changed hands every six years since the 1950s.

Senator Sarbanes, who is of Greek descent, comes out of the liberal political world of ethnic Baltimore. In 1970-76 he had the congressional seat now held by Barbara Mikulski of Baltimore. Incidentally, it is worthy of note that, in 1980, half of Maryland's U.S. house seats were filled by women making it, by that standard, the most politically liberated state in the Union.

Maryland would probably be a conservative state overall — both Western Maryland and the eastern shore are conservative —were it not for the resurgence of Baltimore and growth in the more liberal, and urbanised, centre of the state. Maryland did lose its main conservative standard bearer, Representative Robert Bauman, a founder of the National Moral Majority movement, who last year lost his eastern shore seat after he was convicted of a homosexual misdemeanour.

D. B.



The Maryland State House in Annapolis served as capitol of the U.S. from 1783 to 1784. Built between 1772 and 1779, it is the oldest State House in the country in continuous legislative use

Making the most of a diverse economy as business picks up

TO MARYLAND voters who had recently seen their popular Governor, Marvin Mandel, convicted on corruption charges, economic development seemed a somewhat tepid issue in the political climate of the state's 1978 gubernatorial campaign. But the need to attract new industry to the state and to encourage expansion of old business was a main topic of campaign oratory.

The state had lost more than 40,000 manufacturing jobs in the 1960s and early 1970s as the nation's industrial base shifted from the north and east to the south and west. Although the job shortfall had been filled for a time by the Government and the service industry, Maryland —like the rest of the U.S.—had been heavily hit by inflation and a need to trim governmental growth. A focus on development was the only solution to high unemployment and economic decline.

Governor Harry Hughes took office with a promise to go anywhere at anytime to attract business to the state, a pledge he has been honouring with trips to California, Japan and China and with a full schedule of appearances and meetings with both foreign and local investors. To help in the development of a state marketing strategy, he hired a professional, Mr. James O. Roberson, an able and energetic Texan, to head the Department of Economic and Community Development.

The Hughes Roberson team has worked so well that capital commitments for new and expanding businesses rose from $263m in 1978 to $1.1bn in 1979 and $1.2bn in 1980. The growth will ultimately provide employment for an estimated 34,000 people including bringing in 13,500 manufacturing jobs.

The state's business climate has been improving as well. A study released in February by a Chicago-based accounting firm ranked the 48 mainland states on such factors as taxation, productivity and pollution abatement expenditures. In the most recent listing, Maryland was ranked twenty-ninth, up six places from its position in 1979. The state also recorded major progress when comparing the growth of spending to the growth of income. In that area it bounded from forty-seventh place to seventh.

Maryland's economy is an extraordinarily diverse one. Industrial and research parks dot the state, and their numbers are growing. Maryland manufactures everything from trucks, textiles and tyres to shoes, spices and steel. However, with the current economic slowdown, its manufacturing sector has been in trouble. Bethlehem Steel, the state's largest private employer, located in Baltimore, iso perating considerably below capacity, as is the Baltimore General Motors plant.

Somewhat in compensation, the state is doing a booming business in providing homes for communications, research and development and high technology firms. It is home to such major companies as Communications Satellite Corp., Digital Communications, Bendix, Westinghouse Electric and Fairchild Industries. Dozens of government research and development scientific facilities, like the Agriculture Research Centre, the National Institute of Health and NASA's Goddard Space Flight Center, are located throughout the state. More scientists and engineers, about 58,000, live in the region than in any other state in the country. More than 172,000 Maryland workers are professional, technical and support employees, representing 10 per cent of the non-agricultural workforce.

Manpower

While encouraging the growth of high technology and research and development businesses, the Department of Economic and Community Development has by no means given up hope of attracting manpower-intensive manufacturing firms. Its representatives last year promoted the state to manufacturers of precision instruments, computers, automobiles and photo equipment. This year it has targeted the $27bn from the medical instruments industry for special promotional efforts.

Despite the current decline of the auto industry, General Motors, which is closing several of its plants, has agreed to expand and modernise its Baltimore plant. What saved the plant, and will bring in $450bn for the expansion, was a package of suggestions and pledges worked out by city officials in addition to GM's fondness for Baltimore's skilled work force. Westinghouse Electric has also announced an expansion of its facility at the Baltimore Washington airport, where it will spend $100m.

The economic development programme developed by Mr. Roberson blends, he says, "vigorous promotion, creative financing and a wide variety of logistical and technical help to state business, local government and private citizens." The Department's representatives travel widely on "prospecting trips" to lure Western European and Japanese business expansion. Thus far, 135 foreign investor facilities have settled in the state.

The Department's Office of Business Liaison is charged with the duty of keeping Maryland's business happy. The Office's liaison people last year made 750 calls on Maryland businessmen, searching out areas of concern, suggesting solutions, cutting through bureaucracy and regulations, interpreting policies and programmes and counselling on labour-management relations. The visits were responsible for retaining an estimated 1,400 jobs in the state.

"Basically, we're out asking for trouble," says Mr. Gordon Byrd, director of the Office of Business Liaison. "If they have a problem which is keeping them from growing, we want to know about it. If they have an access road which needs widening or a street which needs a stoplight, maybe we can help them get it."

The Office also runs manpower training programmes specially tailored for individual businesses. Many of these are conducted after hours in plants which are expanding into new activities. The Office last September had 18 training programmes training workers for 1,730 jobs. It now has requests on hand to train 6,000 more workers.

Through a series of legislative reforms and executive directives, Maryland has streamlined its dealings with business. The process of obtaining construction permits has been simplified. New air pollution standards soon to be introduced will decrease costs of controlling industrial emissions as well as decreasing overall pollution.

Attractive

The Governor and the State Legislature have produced some major tax and financing changes to make the state more attractive to business. The state tax on manufacturing equipment has been removed, and the state is foregoing a tax on corporate income from foreign facilities. Local jurisdictions are now permitted to borrow funds for redevelopment based, not on current assets, but on projected tax assessment increases which would result from proposed developments.

The general assembly also authorised the issue of $8m in state general obligation bonds for loans and grants to revitalise local commercial and industrial centres.

The state has several financing techniques which provide loans for plant and equipment. The Maryland Industrial Development Financing Authority, which ensures loans, last year set a record, approving 55 loans totalling $67.2m. The state also issues industrial development revenue bonds by any local jurisdiction to finance the cost of acquisition of all types of buildings, equipment and facilities.

Maryland has many types of financing to attract business and industry and it has long had the resources: a major port, a good location, an excellent transportation system, a moderate climate and a skilled and well-educated workforce. Maryland has not had the leadership and impetus to package the state's assets and to promote them; this it no longer lacks.

N. D.

Success places heavy demand on Port

ALTHOUGH ITS economy is diverse, a major factor in Maryland's growth is the Port of Baltimore, located near the midway point on the Eastern seaboard on the Patapsco River off the Chesapeake Bay. Some 170,000 Marylanders work directly for the Port or in related jobs. One out of every 10 jobs in the state is dependent on the Port's continued prosperity.

Spurred by foreign need for coal and grain, business has been booming in this vast complex of deep-water marine facilities, and the Port's two major problems now seem well on their way to resolution.

The Port's most immediate difficulty has grown out of success: an inability to handle the burgeoning demand for steam coal from Europe and Japan where conversion to coal burners has recently been accelerated. Baltimore has emerged as the nation's second leading coal exporter, behind Hampton Roads, Virginia, and the startling increase in demand, from 9.1m tons in 1979 to 12.7m tons last year, caught officials unprepared.

The complex, with facilities which had been adequate just 18 months ago, became a bottleneck in the nation's export system. While some vessels last year waited weeks in the Chesapeake Bay before they could be loaded, the effects of the delay spread to other ports. A barge jam on the Mississippi river developed last winter from the shortage of ships available for loading in New Orleans.

At present, the Port has only two small coal-loading docks and one large modern coal pier—the Chessie System's facility at Curtis Bay—but the latter is being expanded to handle double its present load. Three other large new facilities are planned for completion over the next three years.

The first, to be built by Island Creek Coal Co, a subsidiary of Occidential Petroleum, will cost some $60m for construction of a coal pier and a 500,000 ton storage unit. When it is finished next year, the facility will have a loading capacity of 12m tons a year.

Redevelopment

Consolidation Coal Co, one of the nation's largest coal companies, has announced plans to redevelop an existing iron ore pier from which it will export 10m tons by 1983. Another 10m tons a year, with an increase to 30m tons after further development, will be exported from a new pier and storage facility to be built by Soros Associates of New York.

While increasing coal exports do not result directly in creating many new jobs, the steam coal boom is still expected to boost state prosperity. The Greater Baltimore Committee has said that the Port could well be handling 35m tons annually by 1985 and, as the market expands further, exports could rise to 81m tons.

The Port's other major problem was its need of approval for dredging operations designed to deepen the channel from 42 ft. to 50 ft. No one knows the cost of ships leaving the Port half or two-thirds loaded because it is not deeper, but some firms have estimated that as many as 50 per cent of all ships docking at Curtis Bay, were forced to leave loaded under capacity.

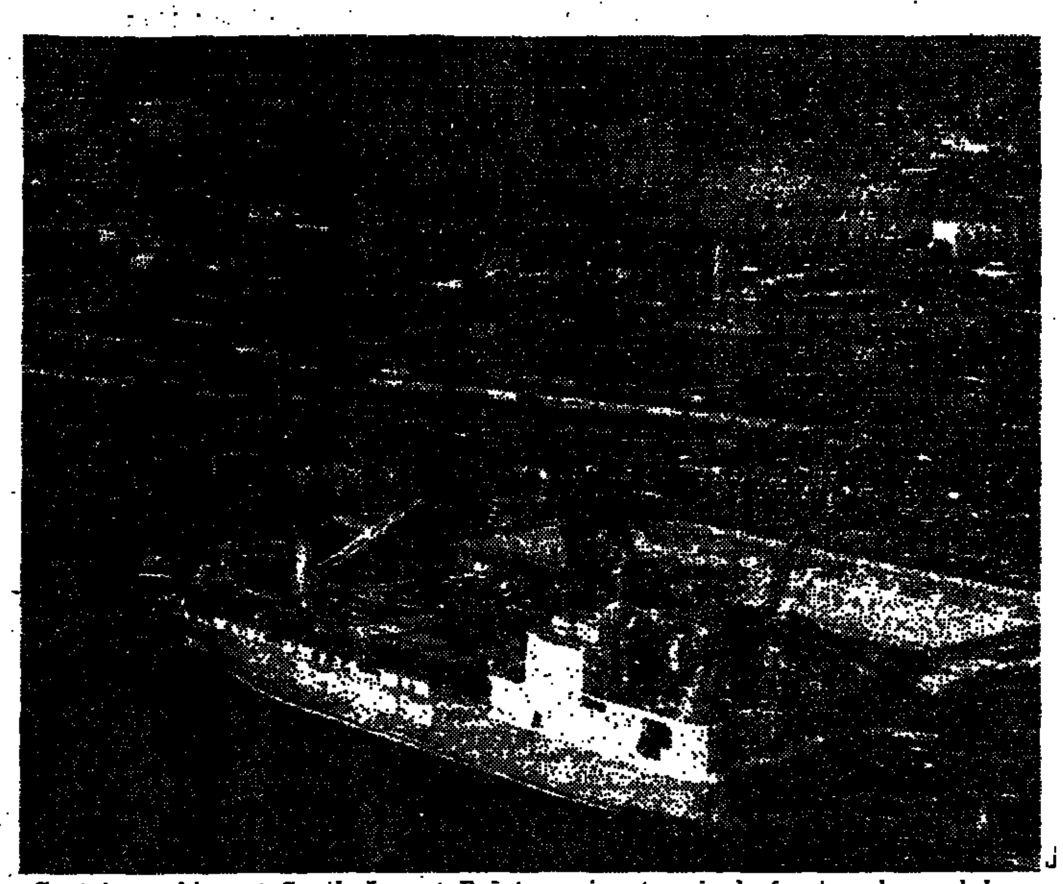
Dredging operations have been deferred for years first by environmental challenges, then by a citizens' suit opposing plans to dispose of dredge spoil by building a 1,100-acre recreational island in the Chesapeake. The courts have now given the go-ahead to the scheme and dredging operations are scheduled to start this year.

Thus far the Baltimore Channel is the only approved Corps of Engineers 50 ft dredging project in the country, though other Ports have applied, so for some time at least, Baltimore will enjoy an edge over its competitors.

The Port has many other advantages: The climate is temperate, the location is 200 miles closer to the Midwest than any other Atlantic Coast port. It is the only U.S. port which has two approaches by sea: one from the South by the way of Cape Charles and Cape Henry, a distance of 150 miles, and one from the North via the toll-free Chesapeake and Delaware Canal. The harbour is large—some 45 miles with 99 covered and uncovered piers allowing nearly 200 vessels to be loaded at a time.

Transportation

The area has a superior transportation system. Rail transport, which essentially began in Baltimore in the country's early days, is provided by three major trunkline rail companies: the Chessie system, Consolidated Rail Corporation and Western Maryland Railway. The surrounding highway system is excellent, with 1,000 miles of new roads added in the past 15 years. More than 51 per cent of the U.S. industrial market and almost 33 per cent of its population lies within the Port's overnight motor freight delivery distance.



Container ships at South Locust Point marine terminal; foreign demand has boosted the Port of Baltimore to its current position as the nation's second leading coal exporter

Further freight transportation services exist at the handsome, newly rebuilt and expanded Baltimore Washington International Airport, which now offers 18 regularly scheduled passenger and cargo airlines. The airport, just 10 miles south of downtown Baltimore and 30 miles northeast of Washington, D.C., currently handles more than half of the air freight for the Baltimore/Washington market.

Since the advent of containerised cargo, Baltimore has become the second largest container handling port on the Atlantic and Gulf Coasts. Container cargo reached a record high last year of 4.6m tons, an increase of 5 per cent on 1979. The Port's major container facility, the Dundalk Marine Terminal, has 6 of 12 berths designed exclusively for the growing traffic and another oversized container berth is now under construction.

When the Port began operations in the early 1700s, it was only one of several small tobacco ports on the Chesapeake Bay. But Baltimore's position inland and its numerous fast-moving streams brought it to a supremacy which lasted until the Civil War. In the 1830s, a speedy two-masted sailing schooner, the Balitmore Clipper, was the fastest sailing ship afloat.

Baltimore is still a major shipbuilding town. It built a total of 608 ships during World War Two, including the first of the thousands of famous Liberty ships, the S.S. Patrick Henry. In 1976, half of the commercial ships built in the U.S. were constructed at its Sparrows Point shipyards.

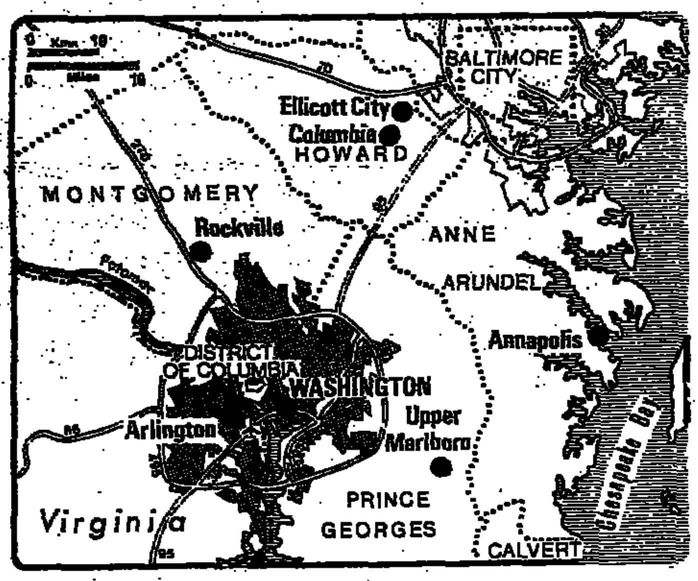
The port is supervised by the Maryland Port Administration, which has opened sales offices in Brussels, London, Hong Kong, Tokyo and four American cities.

It achieved a position of prominence in Baltimore's much praised downtown building programme. Old dilapidated wharves have been restored and put to recreational use or provide parking. On the waterfront is one of the most striking new skyscrapers, the World Trade Center, built to serve as a headquarters for city firms dealing in commerce and to symbolise Baltimore's ambitions as a major international seaport.

N. D.

Booming suburbs take on a new commercial life of their own

WITH THE mass exodus of city dwellers to the suburbs after World War II, the Maryland counties near Washington D.C. began an era of unsurpassed growth. "A house in the suburbs," with grass and a garden, was the American Dream and to be near the country's capital meant both access and status.



However, many regions once thought of simply as "bedroom communities" have become much more. Teeming centres of economic and commercial activity, they are now cities and towns where their residents work as well as sleep. Once-distant counties more than an hour's drive from Washington like Anne Arundel, Calvert and Frederick, are fast becoming the new homes for the capital's commuters.

Montgomery, Prince George's and Howard counties are enjoying a boom in business. It is partly because they are close to the capital — an easy car, bus or subway ride away; partly because of the dispersal of federal agencies in the suburbs and the establishment of new agencies and industries which wanted to be near the old ones.

Montgomery County, to the north of the city, is the wealthiest suburb with the best-endowed public schools. To the east of the district is Prince George's County, known as "the poor sister" of the Washington suburbs. It was an undeserved reputation, earned because of the large number of lower-income city residents who settled in low-cost apartment developments there during the 1960s and 1970s. However, Prince George's County, while it includes pockets of poverty, is by no means economically depressed. With an average disposable income of $24,951, it is well over the State's average of $21,802.

Growth

The greatest population growth of the 1980s is projected for the "ex-urban" Maryland counties, beyond Montgomery and Prince George's. Howard County, home of the enormously successful new town of Columbia, a 50-minute drive from the capital, is expected to record a 21.6 per cent population growth between 1979 and 1984. The county's residents, many of whom also commute to Baltimore, enjoy an average disposable income of $24,250.

With the population increases to be absorbed over the next decade and the cost of services rising fast, each of these counties — Montgomery, Prince George's and Howard — is positioning itself for a share of the new business Governor Harry Hughes is attracting to the state. A brief sketch of the three Washington suburbs follows.

From its heights at the top of most annual lists of the wealthiest U.S. counties, Montgomery County can be, and is, quite choosy about which businesses it encourages to settle there. The suburb often stands disdainfully aside, while its financially troubled neighbours pursue heavy industry to enlarge tax bases and provide jobs. Montgomery County officials do not spurn growth. They project a 15 per cent population increase in the next decade, and they want the "right kind of growth." They want no industrial polluters, no additional traffic congestion, no marring of the landscape by architectural monstrosities.

The county has successfully sought corporate headquarters, computer firms and research and development business. Many are located along the Inter-state 270 corridor leading north from the capital beltway. In fact, Montgomery is one of the nation's R and D centres, both private and governmental. Among its residents are the National Institutes of Health, the Energy Research and Development Administration, the National Bureau of Standards and the Naval Surface Weapons Centre. More than 40 per cent of the county's major private employers are in the advanced electronics, technology, telecommunications, medical sciences and high technology fields.

Montgomery has one of the most highly educated labour forces in the country. More than 40 per cent of the adult population has college degrees and another 20 per cent has attended college. Out of the working population, 55 per cent are professionals and managers: almost 28 per cent are employed in data processing and research-related fields.

The county is 493 square miles of diversity—with rolling farmlands as well as suburban developments clustered around prosperous shopping centres. Officials are seeking to keep the present mix of suburban and rural by encouraging key areas of business development like that along its inter-state 270 corridor.

N. D.

Labour peace attracts firms

SPREAD ACROSS the farmlands, foothills and mountains of the western corner of Maryland is Allegany County, the state's most unionised area. In Maryland, where the percentage of workers carrying union cards has consistently declined, Allegany County still adheres strongly to tradition; about 56 per cent of its residents are union members.

In times past labour troubles flared quickly in Allegany County. Business began to leave for more welcoming pastures, and the once flourishing area, with its prosperous coal mines and a variety of manufacturing concerns, fell on hard times.

Tough reputation

The after effects of the 1973 oil embargo had a devastating effect on the local tyre and glass plants, heavily dependent on the ailing auto industry. By 1975, unemployment had risen to 20 per cent. Its reputation as a tough union area good for three strikes a year, did not help matters, so business and union leaders, laying enmity aside, agreed to join in an effort to reverse the County's poor image.

The two foes formed the Cumberland Area Labour-Management Committee (CALM) composed of seven members from each side. Although it does not participate in contract talks, it advises in disputes and establishes training programmes. It has lobbied at the state and federal level on environmental issues, worked with the construction industry to contain costs, and involved itself in health care programmes working to keep expenses down.

Since CALM's formation six year's ago, labour peace has been broken by only three short work stoppages. Three manufacturing firms have settled in the area, two are considering moving there and the unemployment figures is down to 8 per cent.

Harmonious labour relations are not unique in Maryland, a state with a political and business leadership supremely conscious of its need to attract new firms. In 1979 the state recorded only 41 work stoppages, 22 of which occurred in Baltimore. Of its neighbouring states, Virginia had 56 work stoppages that year; West Virginia, 183; and tiny Delaware had 20.

Baltimore suffered a rash of public sector strikes in the first half of the 1970s. "These were cataclysmic events for a city of this size," says Mr. Robert Hillman, a former Baltimore labour commissioner. "After the strikes there was a resolve not to repeat the experience." Mr. Hillman, now a labour lawyer, says there is "little adversary atmosphere" in most strike negotiations in Maryland, and "picket line violence is rare."

Mr. A. Samuel Cook, a Baltimore labour attorney who has been fighting union organisers for the past 31 years and says he wins 95 per cent of his battles, thinks the level of state unionisation has stabilised at 20 per cent. It has declined from 30 per cent in the 1960s and 25 per cent in the 1970s.

Recipe

An avid union adversary who gives seminars on his "recipe for union avoidance," Mr. Cook advises employers to "treat people fairly, give them good wages and benefits, plus establish two-way communication . . . you will increase morale, productivity and profitability."

Mr. Cook claims to have high respect for the union leaders he deals with in Maryland. "They are, in the main, very responsible and competent. There is little or no underworld influence."

Although just one-fifth of the state's workers are union members, the Maryland AFL-CIO has 2m members and they represent a powerful, cohesive force in state and local elections. "Politically, labour is as strong as it's ever been," says Mr. Thomas M. Bradley, president of the state AFL-CIO. "We don't have too many problems in this state, but we do need more safety regulations."

The state AFL-CIO has worked hard for passage of a Bill to organise state workers. The legislation failed this year in the General Assembly after Governor Harry Hughes switched his support against it but the organisation did get several unemployment compensation measures passed.

Mr. Bradley says the union's next major effort will be in organising "women's work," such as bank tellers and office employees, who generally receive low wages. The AFL-CIO's first attempt to organise in a Maryland bank was defeated last December: the architect of the bank's victory was one Mr. A. Samuel Cook.

N. D.

Present active and past historic make a tourist's playground

IT IS not difficult to be impressed by the rich diversity of activities to be found in the mid-Atlantic state of Maryland. Whatever the season there is an enormous amount to do and discover in what Marylanders call "The land of pleasant living."

It is possible to pursue a variety of pleasures in this hospitable land of contrasts: whether it be skiing in the mountains of Western Maryland, sailing or fishing in the waters of the Chesapeake Bay, camping in one of the many state parks and forests, taking a leisurely drive through the countryside, eating the famous Maryland crabs and oysters, or sunning oneself on the miles of wide, sandy beaches of the seashore.

The many sights, sounds and smells of Maryland are easily accessible by motor car from Washington, DC. Going north and west there is a variety of Revolutionary and Civil War towns and battlefields, rolling mountains, verdant countryside, old covered bridges, and even a privately-owned zoo — the Catoctin Mountain Zoo, set in a 25-acre wooded area.

Historic Maryland may be found in Frederick, a town which dates from pre-Revolutionary days. It was the scene of the first act of organised rebellion against the British in 1765, when the citizenry burned the dreaded Stamp Act in effigy at Court House Square. The Square is itself an attractive example of late-18th and early-19th century architecture. Frederick also happens to be the home of Francis Scott Key, author of "The Star-Spangled Banner," the national anthem, written as Fort McHenry was being bombed by the British in 1812. His home contains all his personal memorabilia and is now a museum in the town.

The city of Frederick also figured prominently during the Civil War. The famous battlefield of Antietam, site of the bloodiest one-day battle of the Civil War in 1862, is located nearby. The present tour of the battlefield now winds around more peaceful farms and pastures.

Going further west towards Cumberland the traveller can expect to come upon more rugged terrain. Scenic parking places dotted along the highway allow the motorist the opportunity to stop and take in the grand mountain vistas of this portion of the state.

Maryland has many state parks and forests which also afford excellent scenery. For the more active, however, these parks offer a variety of year-round activities, including hikes along nature trails, fishing, sailing and swimming in the warmer months of the year and ice-skating, skiing and tobogganning in winter. The mountains of Western Maryland are also home to the Presidential retreat, Camp David, lodged in the Catoctin Mountain National Park.

Moving away from the serene surroundings of the countryside towards the urban centres, is Baltimore. The city is in the middle of what its sponsors call a "renaissance," but there are, and always have been, a multitude of interesting things to do in this port city on the east coast. It is the site of historic Fort McHenry, built in 1776. It is where the Preakness takes place every year, part of the Triple Crown held at Pimlico racecourse.

Arts and crafts

A new addition to Baltimore is Harborplace. It is a collection of hundreds of restaurants, speciality food stores, shops and stalls for arts and various crafts in two two-storey glass enclosures, which has been likened to the Crystal Palace of the 1851 London Great Exhibition. On the inner harbour Harborplace sponsors festivals of all sorts, parades and the like. It was built by the same developer of New York's South Street Seaport, Boston's Faneuil Hall Market place and the planned community new town of Columbia, Maryland.

South of Baltimore and also on the water is the city of Annapolis. It is the starting point for an adventure through Maryland's many coastal towns and villages. A pleasant way to pass through this portion of the state on a long weekend, and a personal favourite, is to start at Annapolis, make one's way along the eastern shore, and end up at the beach. At least a full day is required to get the flavour and feel of this delightful city.

First capitol

Begin at State Circle with the historic Maryland State House, the oldest state house in continuous use in the United States. It is also the site of the first peacetime capitol of the U.S. from November 1783 to August 1784. The State House is where George Washington resigned his commission before the continental congress in 1783, and where the Treaty of Paris was ratified in 1784 to end the revolutionary war.

The best way to see Annapolis is by walking. From the State House it is easy to make one's way around the many specialty shops and antique stores interspersed between the colonial houses of the town. The Hammond-Harwood house is just such a place: a splendid Georgian residence, it is an excellent example of 18th-century architecture. Further along Maryland Avenue is the U.S. Naval Academy. Surrounded by water on three sides, the Naval Academy is one of the highlights of Annapolis. The well-manicured grounds contain a chapel with a crypt of the Revolutionary war naval hero, John Paul Jones. The Naval museum is full of American naval memorabilia—ship models and portraits of famous naval heroes. Bancroft Hall is also an impressive site. Visitors to the Midshipman's Dormitory, the largest student dormitory in the world, will be greeted by a huge statue of the Indian chief Tecumseh, known as the Midshipman's "god of academic success."

Annapolis has a delightful harbour, where cruises on the Chesapeake Bay leave regularly, either every 40 minutes or for whole day trips. It is a hive of activity around the City Docks. It is also where the weary and hungry visitor can rest his bones and revive at one of any number of fine seafood establishments of this picturesque and historic city in the market area.

Across the bay, on the eastern shore, the visitor enters a different land. This part of Maryland has a character unique to its geographical location, a tradition which traces back its origins, not only to the European settlers, but also to the indigenous Indians. The eastern shore has some of the finest natural surroundings anywhere. There are two national wildlife refuges where all types of waterfowl and other wild species may be observed. Green farmland, colonial towns and fishing villages are all part of the simple beauty of the area.

In Easton, known as the "Colonial Capital of the Eastern Shore, one can dine at the Tidewater Inn, roam the small, narrow streets and browse in antique shops, many of which reflect the martime heritage of the area. Ten miles down the road is the lovely port town of St. Michaels, where oystermen, crabbers and clammers bring in the day's catch. It is also the site of the Chesapeake Bay Maritime Museum, with its collection of the bay's sailing craft, an aquarium of Chesapeake Bay life, the old Hooper Strait lighthouse and a special display of carved water fowl. The Crab Claw, one of the area's best seafood establishments, is very convenient.

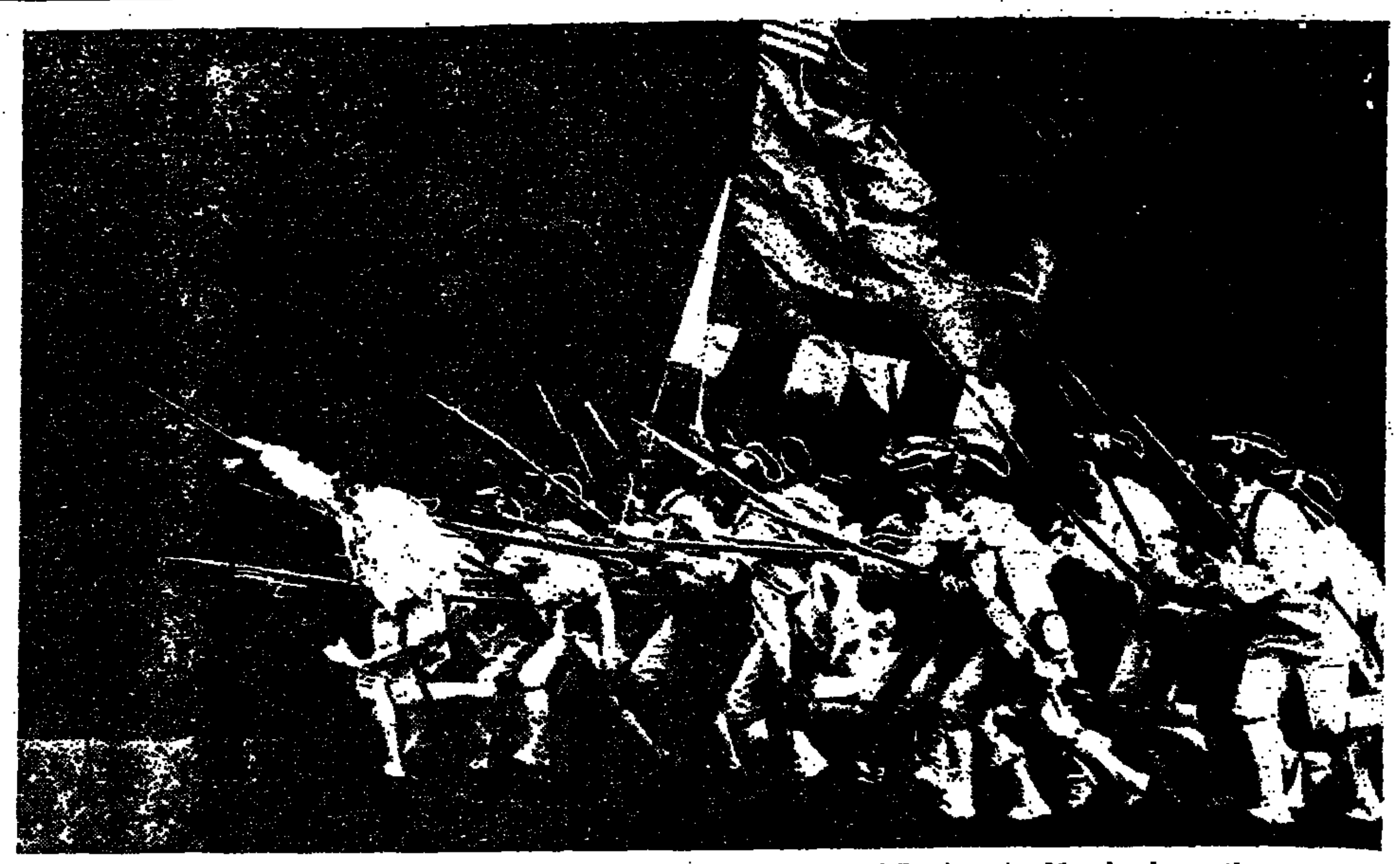
Other spits along the eastern shore are Oxford, on the Tred Avon river, which is the departure point for the Tred Avon (Oxford-Bellevue) ferry, the oldest free-running ferry in the U.S.. There is also Cambridge, another little town that traces its roots to the British.

The final leg of this journey through Maryland finishes on the shore. Ocean City is a popular summer resort with a three-mile walk of restaurants, amusement centres and other activities in the summer months. It is Maryland's only seaside resort and there are hundreds of hotels and motels, fine eating places, and entertainment spots that make it a lively and interesting summer holiday town.

However, away from the commercially developed "Gold Coast," Ocean City, is a primitively beautiful island called Assateague, forming a natural barrier, the Island is 33 miles long and it is the site of a state park and national seashore, administered by the Department of Interior's National Park Service. A place for beachcombers, fishermen, canoeists, campers, as well as bird watchers, it is also famous for its shaggy haired wild ponies that roam freely all over the Island. Legend has it the ponies are descendants of horses from a wrecked Spanish galleon, historians say they were sent there by eastern shore planters in the mid-1800s to graze, were never recovered and consequently evolved into their present stunted form.

In any event Assateague Island is well worth visiting not only to see the wild ponies but to spend time exploring the sparkling beaches, mild surf and moderate temperatures. The peaceful natural surroundings of Assateague are in many respects an ideal place to end a journey through Maryland, itself truly a microcosm of the United States, or as Marylanders are fond of saying, "America in miniature."

Patti Reali



A mock battle staged for tourists' entertainment by the 1st Maryland Regiment. Maryland was the scene of a number of battles during the American Revolution and the home of the Treaty of Paris in 1784, which marked the end of the war

Heavy going for horse-racing

HORSERACING in Maryland is a $600m-a-year industry, from the farms that breed the thoroughbreds to the punters who lose their shirts on the track but the industry is troubled.

For the enthusiast, or tourist, there is wide variety. One of the most famous races is the Maryland Hunt Cup, a steeplechase over timber fences which is regarded as America's Grand National. For horses like Jay Trump, winning the Cup has been a stepping stone to triumph at Aintree. Then there is the quintessentially American feature of racing horses in harness—Maryland has three tracks for trotters.

The heart of Maryland's racing industry is its four thoroughbred flat-racing courses—which most people feel is one or two too many. Attendance at the courses overall has fallen off in recent years. This is a matter of acute interest to the state of Maryland which only allows betting on the courses and takes a percentage of the money placed with the pari-mutuel system (similar to the totalisator in the UK). So far, the volume of betting has been maintained, meaning that the fewer people on the courses are betting larger sums but the state is concerned that its present $18m in revenue from the tracks may diminish.

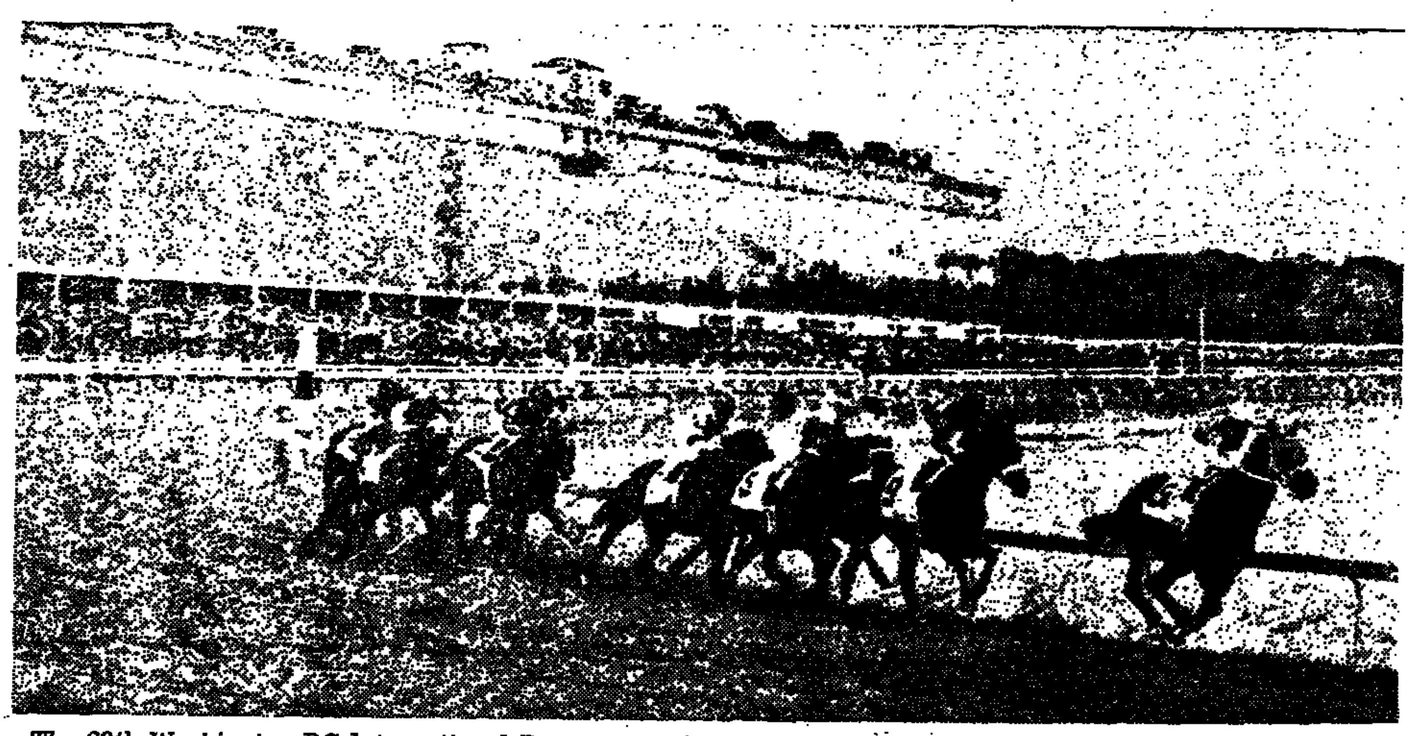
The generally accepted solution is consolidation: closing a couple of the tracks and increasing the racing at the remaining two. However attempts to do this have foundered for the past 20 years, and an effort by Governor Harry Hughes to get a Bill through the state legislature this year was no exception.

This legislation would shut down racing at two sites—Bowie and Timonium—and reapportion their racing days among the harness tracks and, more important, Laurel (whose big race is the Washington D.C. International) and Pimlico (which hosts the Preakness, one of the legs to the American Triple Crown).

This provoked theological disputes about whether the state of Maryland "owned" racing days and could dispose of them as it chose, and spawned alternative Bills which would have put the state directly in the racing business (as in New Jersey) with the setting up of a public racing authority.

All efforts to reform the industry died in this year's state legislature session. Governor Hughes discovered, like his predecessors, each time a structural solution to the problems of the state's racing industry appears to be heading down the final stretch, the going gets impossibly heavy.

D. B.



The 29th Washington DC International Race, run in November 1980 at the Laurel Race Course, was won by Argument of France. Declining attendance figures at the state's four flat-racing courses have led to attempts to reform the industry but so far no Bill has succeeded in passing through the state legislature

Tasty fruits of Chesapeake Bay

THE OYSTER season at St. Michaels on Maryland's eastern shore came to a close on an overcast and drizzly Saturday afternoon in the second week of April. The watermen of the Chesapeake Bay hauled their harvest onto the dock where seafood wholesalers waited anxiously to buy up the day's catch: a timeless ritual of life on the water. The watermen will now find themselves idle until the season for Maryland's famous blue crabs begins in June.

The seafood industry in the State of Maryland is a multi-million dollar business. The Seafood Marketing Authority estimates the value of shell and fish landed in 1979 was worth almost $40m. Generally it is very difficult to arrive at a precise figure for the industry because of the considerable unreported and recreational catches in Bay waters. The state estimates, however, that when all areas of the industry are considered, fishing-related industries bring in upwards of $400m. This included the recreational fishing, with private and charter fishing operators yielding a harvest of 4m lb of fish annually.

The Chesapeake Bay seafood industry traces its origins back to the days when local Indians built their lives around the fecund waters of the Bay. The tradition carries on today along "the great shellfish bay" as the Indians called it. More than 25,000 are involved in the fisheries-related industries in some capacity, from the commercial watermen, dockside workers, seafood wholesalers to the processors — shuckers, pickers and packers.

Places such as St. Michaels, Cambridge and Tilghman Island at the northern end of the Bay, and Crisfield, Tangiers and Smith Island on the lower eastern shore comprise the major centres of seafood production. Crisfield, a self-styled "seafood capital," is the largest processing centre for the tons of marine edibles culled from the bay's waters. It is also a manufacturing centre for all sorts of marine equipment essential to the industry, such as oyster tongs — long wooden poles with steel pinchers attached to the ends — dredges and packing cases.

The Chesapeake Bay produces more oysters than any other single location in the world, it provides almost 30 per cent of total U.S. harvest. Approximately 40 per cent of the nation's softshell clams come from the Bay as well. Other species successfully harvested from the Chesapeake include blue crabs, shad, striped bass (also known as rockfish) eel, perch, trout and sturgeon.

Any discussion of the seafood industry in Maryland must consider the source of the region's rich bounty, that is the bay itself. The Chesapeake Bay is the largest estuary in the United States: 180 miles long and 15 miles wide, it has 4,500 miles of shore line. At least 50 rivers empty into the bay, mainly through the Susquehanna. Like most estuaries, the Chesapeake is relatively shallow with an average depth of 28 ft and 21 ft in the tributaries, and there are thousands of tiny inlets, fresh and salt waters.

The Bay has not been without its share of problems over the years and there is serious concern for the future of this area of water. Maryland State officials acknowledge that factors such as overharvesting, pollution, and nature herself, may contribute to a decline in the production of seafood, but are quick to declare the Bay is healthy, not, as has been claimed, dying rapidly.

Studies have been carried out from time to time, but the funds have not been readily available to sustain a long-term programme on the quality and condition of the Chesapeake. The watermen of the eastern shore say that the quality of Bay waters are declining, as evidenced by the size and quantity of their catch. They have been hard hit by inflation, especially by the rising costs of fuel and equipment, and many continue because it is the only thing they know.

Choicest oysters

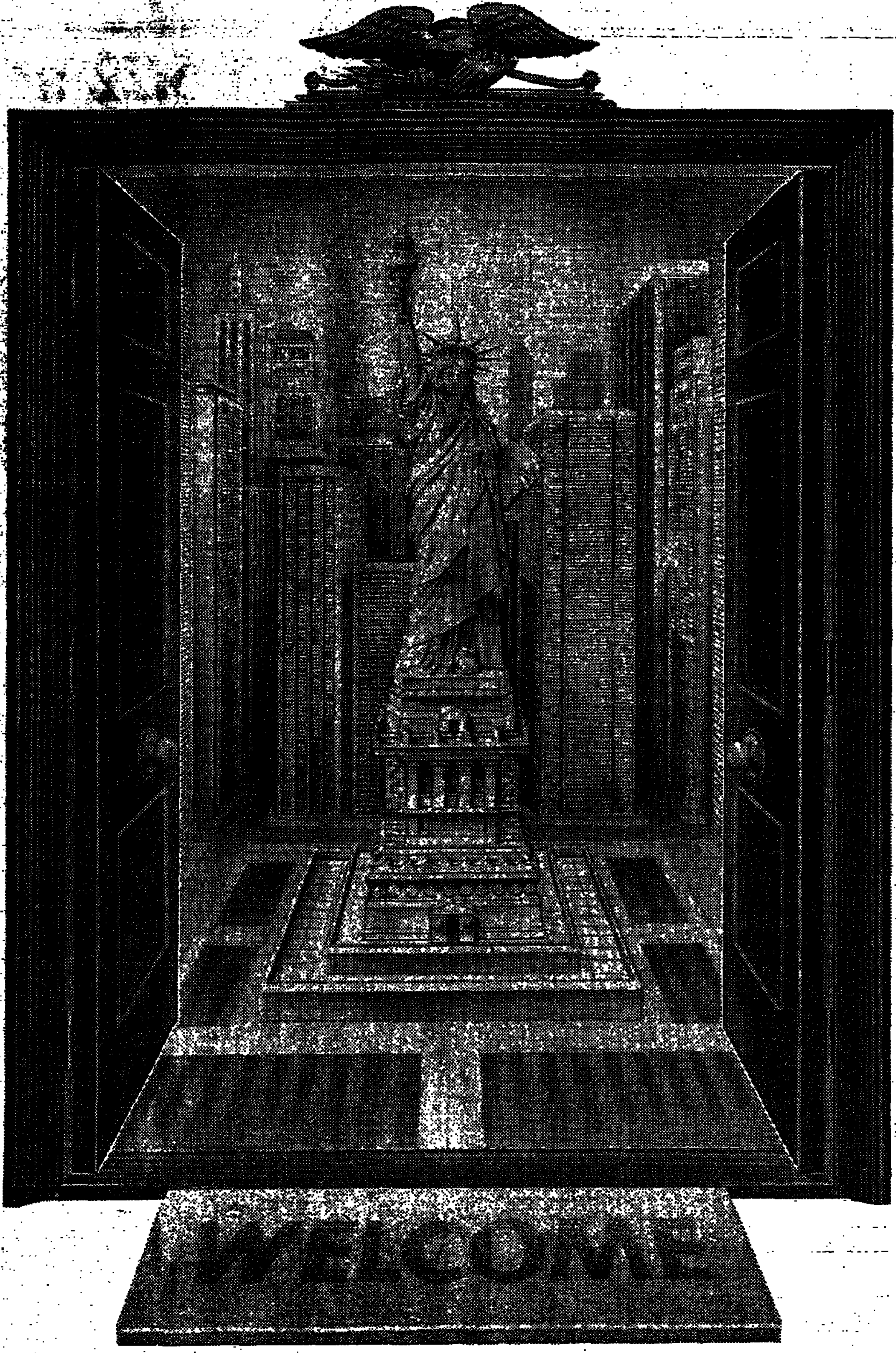
They cite the emergence of a new breed of harvester, divers who can go down to deeper waters and take the choicest oysters. One long-time St. Michael's waterman claimed that the divers are ruining the livelihood of an already dying breed of watermen. Another factor affecting the industry is the weather, which caused considerable damage to seafood in Bay waters. Hurricane Agnes in 1972 did exactly this, by dumping silt in the Bay's tributaries and altering the salinity of the waters thereby impairing the breeding of shellfish, especially oysters.

Pollution from industrial wastes are also a threat. Pesticides, herbicides and chlorine kill oysters by cutting off their oxygen supply and the biggest industrial offender in the Bay area is Bethlehem Steel at Sparrow's Point. In addition to industrial pollution, the eastern shore is still overcoming the ravages of a mysterious parasite known as MSX, or multi-nucleate sphere, which almost killed the oysters in the Delaware Bay, Maryland and Virginia waters.

Oyster production is not the only species troubled these days. Shad and striped bass—the latter being the most valuable fish in the bay to commercial and sport fishermen—are also declining sharply. Marine scientists are not sure whether the disappearance of these particular species are the result of environmental problems or natural variations in spawning patterns.

Overall, the health of the Bay and its capacity to produce seafood is still very good. However, the future prosperity of the Chesapeake Bay ultimately depends on a sense of balance and respect for Maryland's great natural resource.

P. R.


WELCOME

WORLD STOCK MARKETS

Dow off 5.22 at mid-session

STOCKS WERE lower in moderate trading after being narrowly higher most of the session.

The Dow Jones Industrial Average slipped 5.22 at 999.1 at 1 p.m. . Declines moved to a seven-to-six lead over advances on volume of 21m shares (25m). The NYSE All Common Index was off 0.07 at 76.77.

Ual Incorporated dropped $¾ to $25⅞. It reported a widened first quarter loss and again omitted its dividend. Ual also said it is seeking proposals for a new 150-passenger airliner. It may place orders for 150 of the planes, worth about $9bn.

Levi Strauss lost $4½ to $40. It forecast lower second quarter profits.

Among the Oils, active Standard Oil of California, which reported higher first quarter profit yesterday, gained $1⅛ to $41. Valero Energy reported a big rise in first quarter net today and gained $1⅜ to $32¼.

Volume leader Eastman Kodak, which fell $3 yesterday despite higher first quarter earnings, lost $1⅜ to $77⅜.

Among other Blue Chips, General Motors fell $⅞ to $54½. Du Pont $½ to $50. U.S. Steel $⅜ to $34⅛. IBM $⅞ to $59¼. International Paper $½ to $45⅜ and Minnesota Mining $1½ to $60⅞. The Blue Chips had been gaining since early in the year on declining interest rates and hopes for slowing inflation.

Chrysler added $⅛ to $6½. It will receive an expanded line of cars and trucks from Mitsubishi Motors in 1982.

Pittston Company lost $⅝ to $26¼. Its first quarter net was hurt by the coal strike and it said second quarter results will also suffer. Active Sony Corporation was ahead $¼ to $20½, after hitting a new high of $20¾. It has been strong since announcing a new high resolution tv camera TV camera last week.

Closing prices for North America were not available for this edition.

International Banknote led the active list adding $¼ to $4⅛. Blocks totalling 155,000 shares moved at $3⅞ and four.

THE AMERICAN SE Market Value Index was up 1.42 at 355.89 at 1 pm on volume of 3.92m shares (3.4m).

Canada

Markets contiued their downward trend. The Toronto composite index was off 4.5 at 2,307.29.

Murphy Oil gained C$⅛ to C$29⅞ while Ranger added C$⅜ to C$15⅜ on 73,870 shares.

Gulf Canada, the volume leader, lost C$⅛ to C$24⅜ on 103,163 shares. Among the Minig stocks Noranda rose C$⅜ to C$32⅜, while Alcan fell C$⅜ to C$40⅜.

Australia

Shale oils continued to recover as investors followed a trend set in London overnight.

Rundle project partner Central Pacific led the upturn with a 50 cent rise to A$2.20 while affiliate Southern Pacific rose 16 cents to 96 cents as U.S. investors showed new interest in the stock.

Bargain hunters continued to select heavyweight mining stocks, but a weaker trend in Oils and Industrials saw the All Ordinaries Index ease 0.8 to 706.4.

Woodside fell 12 cents to A$2.28, Santos was steady at A$6.40 and Bridge fell 20 to A$6.60 after directors said the group's latest well had flowed gas and water, not oil as the company reported yesterday.

BHP eased 5 cents to A$14.15 while its rights put on 6 to A$5.12 on their last day of trading. CSR declined 2 cents to A$7.02, while CRA gained 5 to A$4.60, MIM 2 to A$4.77, WMC 8 to A$5.20, and Peko 4 to A$9.44.

ICI lost 2 cents to A$2.25, Woolworth rose 1 to A$2.27, Bank of NSW lost 3 to A$3.32 and ANZ Bank fell 10 to A$4.70.

Tokyo

The Nikki Dow-Jones Average rose 50.38 to close at a record 7,674.19, a new peak for the fourth consecutive session, on increased foreign buying.

Trading remained moderate with volume 540m shares as small domestic investors were absent from the market because of the Japanese spring holiday week which started on Wednesday. The Tokyo Stock Exchange Index gained 4.51 to 560.86.

Blue Chips rose in many sectors, with Hitachi up Y50 to a record Y880, Sony Y220 to Y4,410 and Honda Motor Y37 to a record Y957.

High-priced Electricals, Motors, Heavy Electric Machines, Communications and Drugs were favoured by foreign investors.

Yesterday's yen setback against the dollar did not bother foreign investors. They foresee the Japanese currency appreciating in the long term.

Nippon Elec rose Y34 to a record Y767, Fuji Photo Y70 to Y1,550, Matsushita Elec Y30 to Y1,440, Toyota Motor Y40 to Y1,090, Nissan Y17 to Y879, Toshiba Y14 to Y369, Matsushita Communication Y100 to Y3,070, Fujitsu Y28 to Y663, Takeda Pharmaceutical Y70 to a record Y1,550 and Fujisawa Y120 to Y1,130.

Hong Kong

Stock prices headed downward yesterday in moderately active trading. Many analysts expect a steady decline over the next few sessions.

The Hang Seng index shed 17.16 points to close at 1,424.26. Brokers said the market was hurt by higher U.S. interest rates.

Among lower Properties, Cheung Kong lost 20 cents to HK$26.60, Swire Properties was unchanged at HK$16.80, Sun Hung Kai Properties lost 60 cents to HK$14.50 and Hongkong Land lost 10 cents to HK$12.40.

Hongkong and Shanghai Bank was steady at HK$14.80 and Hang Seng Bank as unchanged at HK$117.

Singapore

Share prices closed mixed with a firmer bias in active trading. The Straits Times index rose 9.16 points to a record 886.49.

Haw Par fell 2 cents to S$3.96 in spite of higher results and dividend announced yesterday. Genting Berhad, Keppel Shipyard and United Overseas Bank gained between 25 and 60 cents while on the decline, far-east Levingston Shipbuilding, Magnum Corporation and Development Bank fell between 15 and 40 cents.

Germany

Share prices recovered from their weak opening ending yesday only slightly easier than Wednesday, dealers said.

As the Commerzbank Index slipped 1.5 to 719.5, VW continued to upset the market, after Wednesday's report of lower profits. It closed just off its day's low at DM 156.10, down DM 3.90 after yesterday's DM 6 decline. Daimler recovered from a weak opening to close at DM 307, up DM 0.50 but down from the DM 310 paid yesterday in after-hours trading.

Hoechst gained in easier Chemicals, to close DM 0.70 higher at DM 123.70.

Buying interest has persisted in the smaller Construction shares, with Strabag gaining DM 15 to DM 265. Holzmann reached DM 440, up DM 11.

In Banks, Deutsche shed DM 2 to DM 286 while Commerzbank rose DM 1 to DM 135. Stores were narrowly mixed with Kaufhof up DM 0.20 at DM 177.20.

In mixed Engineerings, GHH was off DM 1.50 at DM 209 and Linde up DM 1 at DM 313.50.

Paris

Share prices fell sharply in active trading as operators reacted to the possibility that Socialist Francois Mitterrand could win the second round of the Presidential election on May 10.

Banks and Insurances were lower with CIC down FFr 4 at FFr 153, while Foods and Rubbers also fell, with Michelin down FFr 22 at FFr 758.

NEW YORK

CANADA

BELGIUM (continued)

April 30	Price Frs.	+ or —
Petrofina	4,600	—100
Royale Belge	4,300	—50
Soc Gen Banq.	1,870	+10
Soc Gen Belge	1,050	—14
Sofina	2,940	+5
Solvay	2,250	—10

HOLLAND

April 29	Price Fls.	+ or —
ACF Holding	84	—1.5
Ahold	69	
AKZO	24.3	—0.1
ABN	295	+1
AMEV	90.6	—0.5
AMRO	58	+0.1

AUSTRALIA

April 30	Price Aust. $	+ or —
ANZ Group	4.70	—0.10
Acrow Aust	1.30	
Allstate Expl	0.95	—0.05
Ampol Pet	1.90	
Assoc. Pulp Pap.	2.5	
Aud'nco	0.24	+0.03
Aust. Cons. Ind.	2.10	

JAPAN (continued)

April 30	Price Yen	+ or —
Kubota	360	
Kumgai	363	—4
Kyoto Ceramic	5,930	+130
Lion	433	—5
Maeda Cons.	598	—1
Makita	900	
Marubeni	370	—2

Indices

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Bid to curb cost of EEC cane imports

BY JOHN EDWARDS, COMMODITIES EDITOR

A DISPUTE over the price to be paid by the European Community for cane sugar imports was triggered off by Britain at the opening of the annual talks between the EEC and African, Caribbean and Pacific countries (ACP group) in Brussels.

Britain pointed out that under the protocol *under the Lomé* Convention, under which 1.3m tonnes of ACP cane sugar are imported by the EEC each year, the price negotiated annually has to be "within the range" of prices within the Community—effectively linking the cane sugar price with that paid to EEC beet producers.

However, for the first time the EEC at the annual farm price review this year introduced a 2 per cent *co-responsibility* levy of all EEC beet producers to help meet the cost of disposing of surplus supplies. So effectively the 8.5 per cent price rise given to Community beet producers on paper is 2 per cent less in practice. A legal opinion is, therefore, being sought as to how the Lomé protocol should be interpreted.

The UK Ministry of Agriculture pointed out that it was not a question of reducing prices for cane sugar imports but whether the ACP countries should receive a bigger increase than EEC beet producers. Community sugar growers, like those in the ACP countries, *had sought a 15 per cent rise* to compensate for increased costs but had to settle for 8.5 per cent.

Cane sugar producers, however, have also suffered from a heavy increase in shipping freight rates. The EEC talks with ACP countries only settles the intervention (minimum guranteed) price and the actual price paid is decided by negotiations with the refiners buying the sugar. Tate and Lyle, which recently was forced to close its Liverpool refinery, buys the bulk of EEC cane sugar imports under long-term supply contracts that are currently being renegotiated. But the price it can pay is obviously dependent on competitive beet sugar prices nd *the company has complained* that its refining margins are uneconomic. If the 2 per cent is only charged on beet sugar it would improve Tate and Lyle's margin by around £5 a tonne.

On the world sugar market yesterday the London daily price was cut by £10 to £173 a tonne—the lowest since January 1980. However sugar futures rallied strongly with the October position closing £7.45 up at £192.825 a tonne. The rise was thought to be mainly a technical reaction to the sharp decline in the market in recent weeks.

New scheme to avoid potato glut

THE Potato Marketing Board has decided to operate for the 1981 early potato season, if is necessary, a system of support which is designed to *provide early potato* producers with a degree of flexibility at times when markets become over-supplied.

Under the arrangements, producers could contract to burn off the tops (with acid) of an area of potatoes determined by the board and not lift them until September unless the market improved. In September the potatoes would be lifted and, according *to the supply prospects for the* season, would be sold for dstockfeed, sold back to the producer, or sold for human consumption.

Mr. C. J. Harrision, chairman of the National Farmers' Union's potatoes committee said last night that the scheme should be welcomed by all early potatoe producers as it would give them at least some degree of security against an oversupplied market and falling prices.

UK glasshouse growers welcome special fuel aid

BY RICHARD MOONEY

NEWS THAT the Government had decided to give £5.5m worth of special fuel aid to the British glasshouse industry to compensate it for the unfair competition it is facing because of the low heating costs enjoyed by Dutch growers was warmly welcomed yesterday by the National Farmers' Union.

Mr. Richard Butler, the union's president, said the aid would give the industry a much needed breathing space and a welcome boost to morale.

But he added that the money, payable in 1981 only, would only go about a third of the way to removing the Dutch growers' advantage.

The problem began in the 1978-79 season when the Dutch Government introduced special subsidies to reduce heating costs for its glasshouse growers. Since then the subsidy level has built up to a point where some Dutch operators save up to £10,000 an acre in fuel costs compared with their British counterparts.

In the absence of effective EEC action to stop the Dutch subsidy, which the European Court has ruled illegal, British growers have been lobbying the Government with increasing urgency to step in with financial help.

Earlier this week the NFU's glasshouse produce and flowers committee warned that pickets of imports and promotions of Dutch produce were being considered to focus attention on the situation, which it claimed threatened the industry

Thougn actual bankruptcies would have been unlikely, the industry could have suffered serious disruption of production patterns and consequent loss of efficiency, an NFU spokesman explained. In cold periods growers would have been forced to avoid growing crops needing warm and light conditions, like tomatoes, and to have grown less energy intensive crops instead. The inevitable result would have been an uneven flow onto the market with gluts alternating with relative shortages.

In addition, he said, there would have been a tendency to lose the economic benefits of specialisation as expert growers of one crop were forced to switch to another, in which they were less expert, to save oil.

There are about 1,500 hectares of heated glasshousees in Birtain and the industry has a workforce of around 15,000 people (including the farmers *themselves.) Its total produc*tion is worth around £160m a year with another £60m from the mushroom industry.

The money will be paid through an existing system under which glasshouse growers are already able to claim back 3½p a gallon of the duty paid on oil from the Customs and Excise Department. For this year heavy fuel oil purchases will qualify for another 5p a gallon rebate and gas oil an extra 8p.

Fruit crop survives cold snap

By Our Commodities Staff

BRITISH FRUIT and vegetable crops have suffered relatively little damage during the recent "atrocious" weather, Mr. Jonathan Choat, director of the Fresh Fruit and Vegetable Bureau, said in London yesterday.

The extreme cold weather and snow had been of mercifully *short duration*, he noted; and most crops should recover. But there might be some delays in supplies coming through at the beginning of the summer season and temporary supply gaps might appear.

Imports of peaches from France and Italy might be hit, he added. These countries had been expecting a 10 per cent crop rise this year but the cold snap had set back their hopes considerably.

He said banana supplies had picked up well following the devastation caused in the Caribbean by Hurrican Allen last year. The Windward Islands had done particularly well in building up their production almost to normal levels

Aluminium rise opposed

BY ROY HODSON

AN ATTEMPT by Kaiser Aluminium of California to stimulate generally higher prices for aluminium metal appears to have failed. The two producers that dominate the North American market, Aluminium Company of America (Alcoa) and Aluminium Company of Canada (Alcan), both statements that they are not raising their own ingot prices.

European producers regard the Kaiser initiative as significant, however. They are reading it as an indication that a general increase in aluminium prices by the leading producers cannot now be long delayed.

Aluminium producers are suffering from low prices which in the case of a number of the higher-cost smelters do not cover production costs. Customers are expecting—and getting—heavy discounts upon producers' list prices. The spot free market for aluminium on the London Metal Exchange has been hovering at just over £600 a tonne—some £200 below the ruling producer list prices.

Kaiser blamed its price increase of some 5 per cent (from May 18) upon rising energy and labour costs. The prices for most of Kaiser's aluminium fabricated products will also go up by an average of about 5 per cent fro mthat date.

Kaiser claimed that the increase will be well below the cost increases the group is experiencing.

Alcoa said in Pittsburgh that it will continue to increase prices including those for *luminium ingot, as conditions in* individual markets permit. But it would not now increase the company's ingot price.

Alcan in Montreal said it did not plan to raise its primary metal price at this time. Alcan's U.S. subsidiary commented further: "We don't believe mrket conditions will support a metal price increase at this time."

World stocks of primary *aluminium have almost doubled* to 2.4m tonnes in a year and the increase may continue for some months yet according to market assessments.

Agro chemicals exports up

BRITISH EXPORTS of agrochemicals increased by 18 per cent to £185.5m last year, figures released by the British Agrochemicals Association show.

But home sales dropped to £208.3m from £210.4min 1979—a reduction in real terms

Bolivia seeks tin consensus

BOLIVIA is seeking to establish a common position with other tin producers before the International Tin Council meeting in July towards action to support tin prices.

World prices have fallen generally to the lowest levels for 30 months although cash tin improved £15 on the London Metal Exchange yesterday to close at £5,925. This was in spite of a fall in the Penang market overnight to a new low of 28.80 ringgits per kilo.

In La Paz, the mining minister Carlos Morales, expressed opposition to tin sales by the U.S. General Services Administration from the stockpile. Bolivian tin exports were valued at $49.3m on shipments of 3,426 tonnes in the first two months of this year compared with $49.5m for 3,004 tonnes in the same period a year ago.

Zinc rose on the London market yesterday: There was heavy speculative buying prompted by higher U.S. producer prices and three-months zinc closed at £410, the highest level since February last year. Cash zinc put on £4.50 to finish at £398.50 following a £16 rise the previous day.

Danish meat strike settlement hope

By Hilary Barnes in Copenhagen

SHOP STEWARDS voted by an overwhelming majority to back a wage settlement which should end the strike of slaughterhouse workers which began on April 22 and which has paralysed Danish meat production and exports.

The settlement, agreed between management and union *negotiators on Wednesday*, will now be put to a ballot of union members, and if they approve the settlement work will resume on Monday.

Wheat sales to Russia

BRUSSELS — Sales of wheat from EEC intervention stocks to the Soviet Union could begin next week.

There is currently around 950,000 tonnes of wheat stored in intervention available for sale under the present selling tender programme, of which 200,000 is earmarked for Poland.

Sales of free market wheat to the USSR will be delayed for around three weeks until legal formalities are completed.

LIVESTOCK FARMING

Price fall fears not justified

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE ABATTOIRS owners' decision to cease exporting lamb to EEC countries unless something was done to alleviate the effect of the clawback, (i.e. a levy on exports equivalent to the weekly deficiency payment) appears to have been supported by most of those involved.

They are still keeping up the pressure, and are hopeful that Brussels will remedy what they consider to be a great injustice. But the French are perfectly happy with the present situation because their market is protected from subsidised British exports. UK sheep farmers are not particularly worried since they are protected by the high guaranteed price under the new EEC sheepmeat regime.

However, other sections of farming are far from being content. Pig and poultry producers have nothing like the protection now afforded to the sheep farmers, and some of the beef producers are talking in the same vein. The reasons for their anxiety is that history may repeat itself once the weight of lambs comes on the UK market around the end of June. *This could mean, if the* precedent of last October is repeated, lamb market prices would collapse, dragging all other prices down as well.

But this is not the only worry besetting livestock farmers. *Cereal prices went up another* 6 per cent in the recent EEC Farm Price Review—British prices are already the highest in the Community in sterling terms.

Cereals are the basis of animal feeds in the UK. They can be replaced by manioc and other substitutes which enter the EEC at low or nil levy. The trouble is that most available supplies of these substitutes have been taken up already by the Dutch, Germans and others until there are very few left.

These apprehensions are very sincerely held by a large number of farmers. But while admitting the possibility that *history will repeat itself*, there are a number of other factors which may alter the picture.

The Meat and Livestock Commission forecasts a significant fall of about 8 per cent in beef production in the UK in 1981, *based on a forecast reduction* of slaughterings. In Ireland, the main supplier to the UK market, slaughterings are expected to be down following a decrease in the national herd.

Thanks to the aggressive beef export policy by the EEC Commission, Ireland has found new markets in third countries and, in any case, the strength of sterling means, there is currently a 12½ per cent levy against Irish beef sales to Britain.

Supplies of UK sheep for slaughter in 1981 were until last weekend expected to be the same as those in 1980. This week's blizzard may have reduced these numbers, although it is impossible to say at this stage by how much. Nevertheless the bad weather will almost certainly have delayed the lambs' maturity, thus extending the marketing peak.

Although lamb exporters are screaming loud and long, exports to third countries don't suffer the clawback provision and are believed to be developing, particularly to North *Africa and the Near East.*

A question mark surrounds New Zealand supplies to Britain which are being increasingly diverted to the Middle East. It may be that New Zealand will not be able to *fill the tonnage allocated under* the sheepmeat agreement.

The UK pig herd is showing a slight decline which has been underlined by a very strong market for all types of pigs, particularly those for the fresh meat trade. This was apparent even before the Danish slaughtermen's strike reduced bacon and pork exports. The general inference in the trade is that consumers have become aware of the value for money of fresh pork as compared with lamb and beef. One effect of the recession has been to make consumers very price conscious.

Overall I don't believe that the meat market will be unduly *depressed by the drop in lamb* exports. The incentive to hold back supplies in hopes of higher prices, which precipitated the market collapse last October, is no longer there.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier in quiet trading on the London Metal Exchange with forward metal drifting from £854 to £847 before closing the late kerb at £849.5, reflecting the recent rises in American interest rates. Turnover 21,725 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	826-.5	—6.5	827.5-8.5	—3
3 months	848-.5	—5	849.5-50	—2
Settlem't	826.5	—6.5	—	......
Cathodes				
Cash	819.5-20	—6	821.5-2.5	—2
3 months	836-.5	—5.5	838-9.5	—1
Settlem't	820	—6	—	......
U.S. Prod	—		*85.9	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £852, 51.5, 51, 50, 49, 48, 49, 48.5, 48. Cathodes, cash £819, 20, three months £836.5. Kerb: Wirebars, three months £848, 47, 46.5, 47, 48, 48.5. Afternoon: Wirebars, three months £849, 49.5, 50, 49.5, 49, 49.5, 50. Kerb: Wirebars, three months £851, 50.5, 50, 49.

TIN—Quietly steady with forward metal closing the late kerb at £6,020 as hedge buying offset initial weakness prompted by the further decline at Penang. Turnover: 12,771 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5920-30	—20	5920-30	+15
3 months	6025-30	—15	6015-20	+10
Settlem't	5930	—20	—	......
Standard				
Cash	5920-30	—20	5920-20	+15
3 months	6025-30	—15	6015-20	+16
Settlem't	5930	—20	—	......
Straits E.	$28.80	—0.40	—	......
New York	—	......		

Morning: Standard, cash £5,920, three months £6,015, 20, 30. Kerb: Standard, three months £6,025, 20. Afternoon: Standard, three months £6,020. Kerb: Standard, three months £6,015, 20.

LEAD—Easier although the market recovered in late kerb dealings when three months rallied to close at £353, reflecting the rise in zinc. Turnover: 12,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-.5	—3.25	348-3	—3.75
3 months	349.5-50.5	—4.25	349-50	—5.75
S ment	344.5	—3.5	—	......
U.S. Spot	—	......	*38	......

Morning: Cash £344, 43.5, 44, three months £353, 52.5, 52, 50, 51, 50, 49.5. Kerb: Three months £350, 49.5, 48.5, 48, 47, 46.5, 47. Afternoon: Three months £347, 48, 49, 50. Kerb: Three months £350, 51, 52, 53, 54.

ZINC—Gained ground in hectic trading as more American producers increased their domestic prices, prompting sizeable speculative and chartist buying. This lifted forward metal from £395 in the morning rings to the day's high of £410 in the afternoon prior to a close of £408. Turnover: 24,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	385.5-6.5	—11.5	398-9	+4.5
3 months	394.5-5	—7	406-7	+5.25
S'ment	386.5	—10.5	—	......
Primw'ts	—	......	*43.5	......

Morning: Three months £396, 99, 98, 98.5, 98.25, 96, 95. Kerb: Three months £395, 96, 97, 98, 99, 400. Afternoon: Three months £399, 400, 01, 400.5, 400, 01, 02, 03, 04, 05, 06, 07. Kerb: Three months £407, 08, 07.5, 08, 07, 06, 07, 08, 10, 09, 08, 07.5, 07, 08, 09, 08.

ALUMINIUM—Steady with forward metal finally £633.5, after a day's low of £630. Turnover: 9,025 tonnes.

Morning: Cash £611, three months £633, 32.5, 32, 30, 30.5, 30, 31. Kerb: Three months £631, 30.5. Afternoon: Three months £631, 30.5, 30, 31, 32. Kerb: Three months £632, 33, 34.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	611-.5	+.75	612-4	+2
3 months	631-.5	+.5	632-3	+1.75

NICKEL—Advanced through the £3,000 level for three months as renewed demand for cash metal saw the backwardation widen to £30 at one point. Forward metal opened at £2,985 and touched a day's high of £3,010 before closing the late kerb at £3,002.5. Turnover: 1,026 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3005-10	+37.5	3005-10	+32.5
3 months	2990-5	+25	2995-3000	+25

Morning: Cash £2,980, 3,005, three months £2,980, 85, 90. Kerb: Three months £2,990. Afternoon: Cash £3,010, 3,005, three months £2,995, 3,000, 10, 05, 3,000, 2,995, 90, 95. Kerb: Three months £3,005.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 1.45p an ounce higher for spot delivery in the London bullion market yesterday at 516.55p. U.S. equivalents of the fixing levels were: spot $11.065, up 3.4c; three-month $11.502, up 3c; six-month $11.998, up 2.2c; and 12-month $12.798, down 2.9c. The metal opened at 511-518p ($10.95-11.10) and closed at 513-520p ($11.00-11.15).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	516.55p	+1.45	515.5p	+1.8
3 months	531.25p	+0.75	531.0p	+0.5
6 months	548.00p	......	—	......
12months	577.00p	—2.50	—	......

LME—Turnover 136 (257) lots of 10,000 ozs. Morning: three months 532, 31.5. Kerb: three months 530, 30.5. Afternoon: three months 530.5, 31. Kerb: three months 530.

COCOA

Futures remained steady throughout a featureless day as light Commission House short covering and dealer support raised prices £10. Actuals business was quiet as little fresh offtake was found among consumers while producers still await higher levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	924-925	+7.0	926-920
July	946-947	+12.5	948-940
Sept.	967-968	+11.0	968-961
Dec.	994-995	+14.5	995-985
March	1017-1018	+14.0	1018-09
May	1032-1034	+16.0	1032-30
July	1047-1052	+16.0	—

Sales: 2,442 (4,601) lots of 10 tonnes.

ICCO Futures—Daily price for April 29: 92.34 (94.41); five-day average 94.97 (96.17).

COFFEE

A quiet opening saw values slightly lower in mixed dealings, reports Drexel Burnham Lambert. Long liquidation in spot May tended to depress values further than anticipated but strong trade support encouraged dealer short-covering around the lows. However, late Commission House selling triggered further losses.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1062-63	—10.0	1071-60
July	1065-66	—11.5	1065-55
Sept.	1067-68	—11.0	1079-67
Nov.	1082-65	—10.0	1073-60
Jan	1054-60	—9.5	1063-55
March	1042-48	—13.5	1061-50
May	1050-55	—10.0	1060-55

Sales: 2,897 (2,073) lots of 5 tonnes.

ICO Indicator prices for April 29: (U.S. cents per pound): Other Mild Arabicas 129.67 (131.00); Robustas ICA 1976 112.75 (113.25); ICA 1968 113.00 (113.50). Unwashed Arabicas unquoted.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing quiet. Lewis and Peat reported a fob May price for No. 1 RSS in Kuala Lumpur of 276.5 (276.0) cents a kg and SMR at 244.5 (247.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
June	51.50-56.70	56.00-57.00	57.00-56.80
July	57.80-58.10	57.20-57.40	—
Jly-Sept	58.00-58.10	58.10-58.20	58.50-58.50
Oct-Dec	62.20-62.30	61.50-61.60	62.40-61.40
Jan-Mar	64.90-65.00	64.50-64.50	65.10-64.20
Apl-Jne	67.70-67.90	67.10-67.50	67.90
Jly-Sept	70.60-70.70	69.50-70.00	71.50-70.40
Oct-Dec	75.50-75.90	72.80-72.90	75.50
Jan-Mar	75.50-75.40	75.60-75.70	77.00

Sales: 316 (405) at 15 tonnes, 13 (nil) at five tonnes. Physical closing prices (buyers) were: Spot 55.25p (54.50p), June 59.00p (58.00p), July 59.50p (58.75p).

GRAINS

Old crop wheat opened 15p lower. The market eased 90-100p during the day due to a weaker country market, the main pressure being on May. May barley eased 35p in very quiet trading. New crops opened 15p down on wheat and unchanged on barley. Volume was thin. Wheat saw some hedge selling pressure mainly in the nearby to close 25-55p down, barley remained a little steadier losing only 10-20p on the day. Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
May	115.10	—1.00	100.25	—0.55
July	117.15	—0.80	—	
Sep.	102.10	—0.55	95.55	—0.15
Nov.	105.85	—0.50	99.30	—0.15
Jan	109.80	—0.35	102.90	—0.15
Mar.	113.65	—0.25	106.20	—0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent May 107.50, June 107.15, July 106.85, Aug. 106.50 transhipment East Coast. U.S. *Hard Winter 13½ per cent May 108.90*, June 105.80, July 106.35, Aug. 107.40 transhipment East Coast. English Feed fob May 119, June 120 East Coast. Maize: French May 127.00 transhipment East Coast. South African Yellow May 89. Barley: English Feed fob May 104.25, June 104.75 East Coast, Aug. 96 paid and seller East Coast, Sept. 97.50, Oct. 100, Oct./Dec 103 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 99.40, S. West 99.70, W. Mids. 99.90, N. West 101.10. The UK Monetary Coefficient for the week beginning Monday May 4 is *expected to remain unchanged*.

GAS OIL FUTURES

The market opened about the same and quickly rallied $4 on firmer physical prices. Trading remained at these levels or just below, reaching the highs *in early afternoon and easing slightly* at the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	276.50	+3.25	278.00-73.00
July	277.75	+4.50	278.75-73.75
August	280.50	+4.00	281.25-77.50
September	286.00	+4.00	287.00-84.00
October	289.75	+3.75	291.00-88.50
November	295.50	+3.00	295.50-95.00
December	301.75	+2.75	302.00-00.50
January	307.00	+2.00	307.00-06.00
February	311.50	+2.00	310.75-10.75

Turnover: 1,035 (1,161) lots of 100 tonnes.

SOYABEAN MEAL

The market opened about unchanged, reports T. G. Roddick. Prices firmed on weaker sterling coupled with light trade buying and closed on highs of day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	153.30-53.4	+1.65	153.30-152.50
August	154.50-54.9	+1.20	154.50-154.10
October	156.50-56.6	+1.15	156.10-155.60
December	158.60-58.7	+1.00	158.70
February	159.50-41.5	+1.00	—
April	159.50-45.5	+1.00	—
June	140.00-45.0	—1.25	—

Sales: 65 (93) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £173.00 (£183.00) a tonne cif April-May-June shipments. White sugar daily price £200.00 (£199.00).

First trades were around overnight levels but selling interest was lacking at the lower levels. Prices gained £5 before heavier offerings blunted the advance. Tenders totalling 80,350 tonnes were made against May which went off the board at midday, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	—	179.00-79.50	180.00-71.50
Aug.	188.30-88.50	181.90-82.00	190.80-90.08
Oct.	192.80-92.85	185.25-85.50	192.80-83.00
Jan.	193.30-93.50	185.50-86.00	193.50-83.00
March	195.50-95.75	188.75-89.00	185.50-88.50
May	198.40-96.50	189.85-90.25	198.50-92.00
Aug	194.50-96.00	191.25-92.50	196.00-95.00

Sales: 9,391 (9,762) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was *£242.6 (same) a tonne for home trade* and £258.0 (£260.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 29: Daily price 15.20 (15.71); 15-day average 17.28 (17.55).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kilo. May 480.00, 481.00, 486.5-481.0; July 490.0, 491.0, 493.0-487.5; Oct. 486.0, 485.5, 486.5-482.0; Dec. 489.0, 490.5, 492.5-488.0; March 497.5, 499.0, 499.0-495.0. May 504.0, 505.0, 504.0-498.0, July 509.0, 510.0, 507.0; Oct. 507.0, 508.0, 510.0-508.0. Sales: 416.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kilo. May 358 buyer, 358-357; Aug. 372, 373, 373; Oct. 372, 375, 373-372; Dec. 378, 380, 379-377; Jan. 379, 380, 379; March 387, 389, 389-386; May 397, 398, 399-398; Aug. 403, 405, 404-402; Oct. 404, 406, 406-403. Sales: 35.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 357 tonnes, bringing the total for the week so far to 679 tonnes. Buyers reacted to the firmer price level by putting down further supplies. Attention was mainly centred on South American and African qualities.

POTATOES

LONDON POTATO FUTURES—All markets rose after radio announcement of a possible PMB buying programme for earlies. Traders, nervous with lack of facts, created erratic markets, which closed at the highs, reports Coley and Harper. Closing prices: Nov. 59.90, +1.40 (high 59.90, low 58.50); Feb. 67.00, +1.10 (high 67.00, low 66.00); April 74.10, +1.20 (high 74.20, low 73.10). Turnover: 205 (128) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.0 to 78.0; Ulster hindquarters 91.0 to 94.0, forequarters 55.0 to 57.0. Veal: Dutch hinds and ends 118.0 to 124.0. Lamb: English small New Season 88.0 to 96.0; Imported Frozen New Zealand PL 64.5 to 65.0, PM 63.0 to 63.0. Hoggets: English 70.0 to 80.0. Pork: English, under 100 lb 46.0 to 51.0, 100-120 lb 44.0 to 50.0, 120-160 lb 42.5 to 46.5.

MEAT COMMISSION—Average Fatstock prices at representative markets on April 30. GB—Cattle 90.13p per kg lw (—1.10). UK—*Sheep 188.27p per* kg est dcw (+8.49). GB—Pigs 73.67p per kg lw (+1.80).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Californian: 72/138 4.50-5.50; Jaffa: Valencia Lates 50/189 4.30-4.85; Cypriot: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-5.00. Lemons—Spania: Trays 25/50 2.20-2.40, Boxes 60/110 5.50; Californian: 115/140 6.20; Italian: 100/120 4.50-4.80; S. African: 80/100 5.80-6.20; Jaffa: 40/60 2.30-2.40. Grapefruits—Cypriot: 20-kg 40/64 3.80-4.20; Jaffa: 20-kg 36/75 3.85-4.65. Topaz—Jaffa: 22-lb 40/80 4.00-4.50. Apples—S. African Granny Smith 8.20-8.50, Golden Delicious 7.80-8.40, Starking 6.50-7.00; Chilean: Granny Smith 7.20-7.40; Canadian: Red Delicious 135/150 7.50-8.50. McIntosh Reds 120/160 7.50; U.S.: Red Delicious 8.50-10.00; French: *Stark Crimson 40-lb 5.00-6.20, Golden* Delicious 40-lb 125/175 4.00-5.00; 20-lb 72 2.40, 84 2.00; Italian: 40-lb Romes 60/70 4.60-4.80; New Zealand: Cox's Orange Pippins 150/180 10.00-10.50, Spartans 7.50; Tasmanian: Jonathan 7.50, Golden Delicious 7.80-8.40, Cox's 9.50-10.00. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passecrassana 0.12-0.14; S. African: Packhame 6.50-7.40, Beurre Bosc 5.50, Comice 8.50; Australian: Packhams 40-lb 8.00. Grapes—S. African: 9-lb Barlinka 4.00; Chilean: Thompson 7.50, Almeria 7.50. Melons—Chilean: 15-lb 6/13 8.00-9.00. Strawberries—Israeli: Per punnet 8-oz 0.50; Spanish: 8-oz 0.20-0.25; U.S.: 12-oz 1.10; Italian: 8-oz 0.20-0.25. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: Shelford 5/9 2.80-3.50. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 8.50; S. African: 14/16 3.50. Tomatoes—Canary: 3.50-4.20; Dutch: 13-lb 5.20. Onions—Dutch: 8.80-8.00; Chilean: Cases 9.80; Italian 22-lb 3.50; Canary: 25-kg 8.50. Potatoes—Egyptian: 44-lb Edwards 4.50-4.80; Cypriot: 44-lb bags 5.00-5.20. Cucumbers—Dutch: 2.00. Capsicums—Canary: 6-lb green 4.00, red 9.00. Chicory—Belgian: Per box 3.20-3.40.

English Produce: Potatoes—Per bag 2.20-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15, Laxtons 0.08-0.12, Cox's Orange Pippins 0.14-0.22. Cabbages—Per bag 3.00, white 3.50. Beetroots—Per bag 1.80-2.00. Lettuces—Per 12, round 0.80-1.20, Cos 10/12 1.50-1.80. Tomatoes—Per 12-lb D 5.00, E 4.50. Leeks—Per 10-lb 1.80-2.00. Rhubarb—Per pound, outdoor 0.80-0.90. Carrots—Per 28-lb 3.20-3.50. Swedes—Per 28-lb Devon 2.00, Yorkshire 1.50. Radishes—Per pack of 12 x 8-oz 1.20, bunches of 12 1.20.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf *cod £4.50-*£5.80, codlings £2.50-£3.50. Large haddock £4.00-£6.00, medium £3.60-£4.80, small £1.60-£3.00. Best small plaice £3.80-£4.50. Skinned dogfish (medium) £4.50-£7.00. Lemon soles (large) £9.50, (medium) £9.00. Rockfish £2.40-£2.60. Reds £1.40-£2.00. Saithe £2.00-£3.50.

PRICE CHANGES

	Apr. 30 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1295/1325	......	$1450/460
Copper			
Cash w'bar	£828	—3	£845.0
3 mths	£849.75	—2	£865.75
Cash Cathode	£822	—2	£840.0
mths	£838.75	—1	£854.5
Gold troy oz	$482	+4.5	$520.5
Lead Cash	£342.5	—6.75	£340.00
3 mths	£349.5	—6.75	£346.5
Nickel	£3,379.59	......	£3,356.65
Freemkt	290-305c	......	285/300c
Platin'mtry oz	£213.5	......	£213.5
Freemkt.	£218.00	+3.15	£230.75
Quicksilvert	$430-430	......	$415/425
Silver troy oz	516.55p	+1.45	545.60p
5 mths.	531.25p	+0.75	561.60p
Tin Cash	£5,925	+15	£6,260
3 mths	£6,017.5	+10	£6,267.5
Tungsten22.04lb	$ 7.54	......	$149.08
Wolfrm 22.04 lbs	$142/145	—2.5	$147 151
Zinc Cash	£398.5	+4.5	£360.5
3 mths	£406.5	+5.25	£369.75
Producers	$875	......	$825
Oils			
Coconut (Phil)	$580x	......	$537.5
Groundnut	......	......	......
Linseed Crude	£424r	......	£406
Palm Malayan	$585x	......	$565
Seeds			
Copra Philip	$385r	+5	$370
Soyabean(U.S.)	$318.5r	—2	$319
Grains			
Barley Fut.Sep	£95.55	—0.15	......
Maize	£127r	......	£124
WheatFut.Sept	£102.10	—0.55	......
No2 Hard Wint	£108.90r	......	£103.75
Other commodities			
Cocoa ship't	£1,042	+9	£1,025
Future July	£946.5	+12.5	£929
CoffeeF't July	£1065.5	—11.5	£1,069
Cotton A.Index	89.00c	+0.55	90.25c
Rubber (kilo)	55.25p	+0.75	53p
Sugar (Raw)	£173	—10	£224
Woolt'ps 64s kl.	330p kilo	+2	318p kilo

‡ Unquoted. u May-June. x June. w April-May. v May. y July. † Per 45-lb flask.

AMERICAN MARKETS

NEW YORK, April 30.

THE livestock prices were limit or near-limit down as slaughter continues at higher than anticipated levels. Coffee was slightly higher in light trading on reports of coffee rust spreading to the Mexican border. Precious metals and copper rallied from earlier losses in response to the aggravated situation in Lebanon and Syria. Heating oil closed higher, reflecting the acceleration of the conflict in Lebanon, reported Heinold.

Copper—May 81.00-81.20 (80.80), June 82.35 (81.95), July 83.50-83.60, Sept. 88.00-86.10, Dec. 89.70-89.80, Jan. 90.85, March 93.10, May 95.20, July 97.35, Sept. 99.50, Dec. 102.65, Jan. 103.75, March 105.95.

Potatoes (round whites)—Nov. 73.3-73.4 (72.1), Feb. 80.5-81.0 (79.8), March 83.8-84.6, April 98.5. Sales: 90.

Sugar—No. 11: May 16.00 (14.31), July 16.75-16.85 (15.76), Sept. 16.90, Oct. 17.01-17.05, Jan. 17.20-17.30, March 17.40-17.45, May 17.55, July 17.57-17.58, Sept. 17.75.

Tin—590.00-597.00 (589.00-596.00).

CHICAGO, April 30.

Lard—Chicago loose 20.00 (20.25).

Live Cattle—June 70.25-70.10 (71.80), Aug. 68.30-68.20 (69.60), Oct. 65.95-65.87, Dec. 67.10-67.05, Feb. 68.30-68.40, April 69.40, June 70.40.

Live Hogs—June 49.00 (50.50), July 51.40-51.45 (52.90), Aug. 51.45-51.50, Oct. 50.62, Dec. 53.00-52.95, Feb. 55.05-54.95, April 55.00, June 56.55.

‡‡Maize—May 360¾-361½ (357¾), July 367¾-367½ (365¾), Sept. 373¾, Dec. 374¾-375½, March 385¼-385½, May 390½.

Pork Bellies—May 52.15 (54.15), July 53.72 (55.72), August 53.62, Feb. 68.50-68.45, March 68.85, May 70.15, July 71.45, August 70.00.

†Soyabeans—May 777-780 (769¾), July 800½-802 (794), August 809½-810½, Sept. 813, Nov. 824-825½, Jan. 842½, March 862, May 873.

‖Soyabean Meal—May 227.0-226.8 (221.3), July 232.3-232.7 (228.3), Aug. 234.0-233.5, Sept. 235.0-234.5, Oct. 235.5-235.0, Dec. 238.8-239.0, Jan. 241.0-242.0, March 246.5-247.0, May 249.0-250.0.

Soyabean Oil—May 23.85-23.83 (23.62), July 24.63-24.65 (24.46), Aug. 25.00-25.05, Sept. 25.30, Oct. 25.70, Dec. 26.40-26.30, Jan. 26.55, March 27.25-27.50, May 27.70-27.80, July 28.30-28.40.

†Wheat—May 433½-434 (427¾), July 442½-443½ (437½), Sept. 457½-457¾, Dec. 480; March 499, May 506.

WINNIPEG, April 30.

§Barley—May 153.90 (150.00), July 155.50 (152.00), Oct. 154.10, Dec. 154.50, March 154.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, April 29.

††Cocoa—May 1840 (1841), July 1915 (1916), Sept. 1977, Dec. 2043, March 2086, May 2131, July 2174, Sept. 2219. Sales: 3,600.

Coffee—"C" Contract: May 128.50 (128.24), July 126.75-126.80 (128.12), Sept. 126.00-126.25, Dec. 123.50-123.60, March 121.80-121.90, May 121.80-121.90, July 122.00, Sept. 121.00. Sales: 1,628.

*Gold—May 479.3 (484.3), June 484.0-485.0 (489.8), July 490.4, Aug. 496.5-497.5, Oct. 510.2, Dec. 522.0-525.0, Feb. 536.3, April 549.5, June 562.9, Aug. 575.5, Oct. 590.2, Dec. 604.2, Feb. 618.5. Sales: 30,000.

Orange Juice—May 137.85 (142.85), July 142.20-142.30 (146.60), Sept. 143.50, Nov. 144.60, Jan. 144.85, March 145.75, May 146.45-146.70, July 147.25-147.50, Sept. 148.00-148.50.

Heating oil (cents per U.S. gallon)—May 0.9225 (0.9275), June 0.9205 (0.9261), July 0.9223, Aug. 0.9300, Sept. 0.9408, Oct. 0.9530, Nov. 0.9715, Dec. 0.9903, Jan. 1.0100, Feb. 1.0265, March 1.0425, April 1.0600, May 1.0650. Sales: 3,431.

*Platinum—May 453.5 (463.4), June 462.8 (472.7), July 464.0-468.0, Oct. 480.5, Jan. 500.3, April 517.8. Sales: 1,423.

¶Silver—May 1095.0-1104.0, June 1115.2, July 1124.0-1132.0, Sept. 1162.3, Dec. 1210.8, Jan. 1226.8, March 1258.8, May 1290.8, July 1322.8, Sept. 1354.8, Dec. 1402.8, Jan. 1418.8, March 1450.8. Handy and Harman bullion spot 1096.00 (1121.00). Sales: 5,000.

CHICAGO, April 29.

Chicago 1mm. Gold—June 483.5-484.5 (489.3), July 495.7 (495.7), Sept. 502.8-503.0, Oct. 514.9, Dec. 523.0, Jan. 534.3, March 542.0, April 554.0.

WINNIPEG, April 29.

§Barley—May 150.00 (148.90), July 152.00 (150.60), Oct. 151.00, Dec. 151.40, March 151.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 259.32 (258.97).

EUROPEAN MARKETS

PARIS, April 30.

Cocoa (FFr per 100 kilos)—May 1,025-1,035, July 1,045-1,075, Sept. 1,084-1,104, Dec. 1,110-1,120, March 1,133-1,140, May 1,150-1,170. Sales at call: 2.

Sugar (FFr per tonne)—July 2,210-2,260, Aug. 2,252-2,263, Oct. 2,220-2,230, Nov. 2,210-2,245, Dec. 2,215-2,250, March 2,245-2,270, May 2,250-2,280, July 2,255-2,85. Sales at call: 13.

INDICES

FINANCIAL TIMES

April 29	April 28	Month ago	Year ago
257.89	259.73	261.25	275.67

(Base: July 1, 1952=100).

MOODY'S

April 29	April 28	Month ago	Year ago
1101.5	1110.3	1129.3	1133.7

(December 31, 1931=100)

DOW JONES

Dow Jones	April 29	April 28	Month ago	Year ago
Spot	397.12	400.17	418.02	414.48
Fut'rs	410.53	431.98	428.23	424.80

(Average 1924-25-26=100)

REUTERS

April 30	April 29	M'nth ago	Year ago
1682.0	1693.6	1695.7	1690.8

(Base: September 18, 1931=100)

ICI trading surprise lifts equities to record highs and 30-share index closes 17.4 up at peak 597.3

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8

* "New time" dealings may take place from 9 am two business days earlier.

ICI's first-quarter out-turn put London equities strongly back on course to new peaks yesterday, the last session of the long and record-breaking Easter trading Account. Investors had shown a renewed keenness to commit funds ahead of ICI's mid-day announcement, but the real fillip to sentiment was news of the market leader's £52m profit in the first three months. This easily surpassed predictions and quickly gave equities a further boost.

Institutional sources were particularly impressed and attempted to buy sizeable lines of stock. These were just not available in many instances and the resultant upsurge in values frightened off many potential smaller investors. After the 3.30 pm official close, however, when business is permitted without penalty for the trading Account starting today, leading shares took off again.

The result was that the FT Industrial Ordinary share index, marginally lower at 10 am, closed within three points of the 600 level with a jump of 17.4 at a best-ever 597.3. ICI, up 16 at 326p, were one of many leading industrials to achieve double-figure rises. Measuring the overall firmness, the FT-Actuaries three main indices attained record highs, the All-share closing 1.9 per cent up at 332.10.

With equities stealing the limelight, British Funds continued to trade quietly but edged slightly higher helped by financial year-end considerations. Immediate concern about rising U.S. interest rates faded and some longer-dated issues managed improvements of ¼ which were later halved. The shorts, on the other hand, retained early gains ranging to $\frac{1}{16}$.

Demand for Traded options picked up again and 1,965 deals were arranged. Almost half the business was transacted in two stocks, ICI recording 535 trades on the first-quarter statement and bid speculation promting 384 contracts in RTZ.

Considerable interest was again shown in British Aerospace which firmed 10 more to 237p.

Commercial Union stood out in a strong Insurance sector, rising 13 to 177p, after 179p, on good buying fuelled by takeover speculation; the first-quarter figures are due on May 12. Elsewhere in Composites, Royals, 392p, and Eagle Star, 261p, advanced 14 and 13 respectively, while Sun Alliance also added 13, at 819p, and Phoenix put on 12 to 284p. General Accident rose 6 to 354p; the first-quarter results are due next Wednesday. Willis Faber, 10 dearer at 335p, led Lloyds Brokers higher. Sedgwick Forbes appreciated 6 to 133p and Minet rose 4 to 111p. Sun Life added 8 to 285p and Pearl improved 6 to 454p.

Australian Banks became active following the Commercial Bank of Australia's early revelation that it has received a bid approach; CBA jumped 45 to 220p, but Australia and New Zealand, thought to be the probable suitor, fell 12 to 240p. Bank of New South Wales added 8 at 186p and National Bank of Australasia firmed 3 to 178p. Still awaiting further developments in the bid situation, Royal Bank of Scotland closed 2 better at 186p, after 192p. In Discounts, Allen Harvey and Ross advanced 10 to 360p following the chairman's encouraging AGM statement. Lloyds and Scottish put on 4 to 196p after revised bid terms from Lloyds Bank, unaltered at 335p.

A dorment sector for much of the week, Breweries found support and closed with useful rises. Whitbread, 171p, and Bass, 250p, added 4 apiece, while Scottish and Newcastle firmed 2½ to 68½p. Border jumped 7 to 89p on the increased dividend, while Vaux, interim results due next Friday, rose 3 to 178p. Distillers attracted strong investment buying and closed 8 to the good at 223p.

News items and trading statements continued to provide the stimulus for another firm and active day's trading in the Building sector. Continuing to respond to the annual results, Blue Circle gained 18 for a two-day jump of 44 to 496p and Tarmac firmed 8 for a three-day spurt of 46 to 416p. Tunnel B put on 21 to 421p on hopes of an increased bid from T. W. Ward whose original offer received Monopolies Commission clearance yesterday. Wimpey improved 12 to 129p in response to the excellent preliminary results, while the announcement of a proposed £5.26m rights issue and increased annual profits left John Mowlew 4 up at 171p. Crouch Group, however, shed 14 to 156p on the £1.9m rights issue in Convertible Loan stock. Robert M. Douglas attracted late support and rose 11 to 126p, while Aberdeen Construction, preliminary results due next Thursday, firmed 5 more to 191p. Blockleys added a couple of pence to 112p following the annual results.

Standing 6 higher awaiting the first-quarter figures, ICI were marked up to 322p on the announcement of profits well above market estimates and briefly touched 330p before closing 16 up on balance at 326p. Fisons gained 15 to 170p in sympathy.

Stores passed an active session and closed at the day's best. The leaders were featured by British Home which advanced 12 to 184p; the annual results are expected on May 11. Mothercare, preliminary figures due next Tuesday, firmed 6 to 248p, while UDS, also due to report soon, rose 4 at 93p. House of Fraser continued to draw strength from the full-year statement and improved 7 to 168p. Secondary counters also displayed some useful gains, notably Owen Owen, 27 higher at 225p on revived speculative demand. Polly Peck, 250p, and Cornell Dresses, 118p, added 5 and 8 respectively, while Wearwell picked up 5 more to 96p. Home Charm and A. G. Stanley added 4 apiece to 140p and 76p respectively, while John Menzies remained in favour at 430p, up 13.

Leading Electricals tended to falter a little in the afternoon trading session, but a late flourish left the majority of quotations at, or near, the day's best. Racal ended 7 dearer at 381p and GEC 10 higher at 688p, while Thorn EMI improved 9 to 407p. Secondary issues were featured by a fresh rise of 17 to 275p in Kode. Air Call gained 7 to 210p, while Farnell hardened 5 more to 470p. Still reflecting the annual results, First Castle firmed 3 to 111p, while renewed country buying lifted Jones Stroud 4 more to 80p.

Engineering leaders made modest progress, gains of around 4 being recorded in GKN, 185p, Hawker, 352p, and Tubes, 230p. Elsewhere, United Wire featured in the late dealings with a rise of 14½ to 52½, buyers being encouraged by the maintained interim dividend despite the fall in the half-year figures. Downiebrae in contrast, lost 4 to 18p following the passing of the final dividend and setback in annual profits. Selective demand was shown for other second-line issues. Spear and Jackson rallied 5 more to 120p, while Desoutter, 120p, and Hall Engineering, 215p, put on 8 apiece. Further demand lifted Clayton Son 6 more to 78p, while satisfactory annual results left Hopkinson 4 dearer at 96p. Against the trend, Williams and James, a good market of late, reacted 9 to 95p on end-Account profit-taking.

Selected Food Retailers came in for support, Tesco rising 4½ to 68p and Associated Dairies improving 4 to 212p. Demand ahead of next Wednesday's preliminary results lifted J. Sainsbury 10 to 415p, while Kwik Save, interim figures today, firmed 7 to 231p. Associated Biscuit moved up late to close 8 to the good at 90p, while British Sugar rose 6 to 318p. Elsewhere, renewed speculative buying lifted Associated Fisheries 5 to 63p.

A fresh show of strength by the miscellaneous Industrial leaders owed much to ICI's first-quarter profits recovery. Closing gains on the last day of the Account ranged to 26 with Unilever that much higher at 544p following comment on the annual report and accounts. Having been particularly vulnerable of late to profit-taking, Bowater revived with a fresh speculative rise of 12 at 272p on the annual report, Reed International added 15 to 280p in sympathy. Glaxo, 368p, and Pilkington, 320p, advanced 10 apiece, while Beecham put on 8 to 194p and Boots firmed 7 to 257p as did Turner and Newall, to 113p.

Foseco Minsep gained 12 to 244p on further consideration of the results, while Chubb, still on bid hopes, added 6 at 97p. Johnson Mathey firmed 11 to 277p and Bestobell 10 to 440p.

Pritchard Services rose 4½ to 164p, after 170p, in response to the increased dividend and 46 per cent annual profits upsurge but Davies and Newman fell 19 to 143p on the disappointing profits. Dealings in Anglo Argentine Tramways were suspended at 30p pending publication of the offer document.

Among Printing concerns, Wace dropped 5 to 18p on the halved dividend and gloomy outlook. Usher-Walker, however, attracted support and closed 3 better at 50p.

Properties trended firmer in subdued trading. Land Securities edged up 6 to 424p and MEPC a penny to 234p. Elsewhere, Samuel improved a couple of pence to 124p in front of today's interim results. Control Securities became an active market and firmed 3 to 61p, while Law Land, 93p, and Second City Properties, 78p, both put on 4. Against the trend, Clarke Nickolls shed 5 to 155p on small selling.

Oils traded on a fairly quiet note but, reflecting the general trend, took a decided turn for the better in the after-hours' dealings. BP and Shell both finished 6 higher at the common price of 380p. Outside the leaders, Tricentrol advanced 11 to 255p and Ultramar 10 to 430p while in the more speculative issues NCC stood out with a rise of 13 to 135p. Carless put on 9 to 138p and Candecca firmed 5 to 165p.

P. and O. Deferred were actively traded ahead of next week's preliminary results and pushed ahead to close 11 up at 163p.

Courtaulds attracted support in the late business and closed 5 better at 78p. Other Textiles traded quietly and without distinction, although David Dixon were wanted at 136p, up 6.

Small buying on Wednesday's results lifted Bats 27 for a two-day gain of 44 to 362p. Imps were also in demand and rallied 1½ to 73½p.

Rio Tinto-Zinc staged a further spectacular advance in early trading as renewed speculative and investment buying—mainly from London and the Continent—lifted the shares to a high of 580p; subsequent dealings saw the emergence of heavy profit-taking and the price quickly retreated to close the day at 550p, a net gain of 20 and a two-day rise of 75. The convertible loan stock rose £11 to £125.

The buying of RTZ spilled over into other London-registered Financials. Charter Consolidated, which holds 4.3 per cent of RTZ, touched a 1981 high of 268p before easing to close 9 up on balance at 265p, while Gold Fields put on 3 to 475p and Tanks 7 to 364p.

RTZ's Australian associates made progress amid the bid speculation surrounding the parent company. CRA rose 12 to 256p and Bougainville 3 to 92p.

Elsewhere in the section, Renison put on 20 to 475p, Mount Lyell 10 to 100p and Associated Minerals Consolidated a like amount to 115p following the revised terms for the merger of the three companies with Consolidated Gold Fields Australia; the last-named held steady at 315p.

The Rundle twins continued to move ahead, with interest increased by the quarterly report. Central Pacific rose 7 more to 117p and Southern Pacific 2 to 52p. Bid rumours prompted good demand for Hampton Areas, 18 higher at 198p.

Little interest was shown in South African Golds which drifted for the fourth successive day. The Gold Mines index eased 0.8 to 345.7. East Daggafontein were a notable exception to the general trend as attempted U.S. buying in a thin market saw the shares surge 24 to 135p, while South African Financials showed Transvaal Consolidated Land ½ firmer at a 1981 high of £25¼.

FINANCIAL TIMES STOCK INDICES

	Apr. 30	Apr. 29	Apr. 28	Apr. 27	Apr. 24	Apr. 23	A year ago
Government Secs.	68.90	68.82	68.88	69.18	69.49	69.45	67.27
Fixed Interest	70.95	70.81	70.90	71.20	71.54	71.22	67.20
Industrial Ord.	597.3	579.9	574.5	586.0	587.3	584.3	443.2
Gold Mines	345.7	346.5	355.4	355.8	357.8	353.5	296.4
Ord. Div. Yield	5.51	5.66	5.73	5.62	5.60	5.62	7.97
Earnings, Yld. % (full)	10.88	11.18	11.38	11.08	11.04	11.02	19.47
P/E Ratio (net) (*)	11.50	11.18	11.06	11.27	11.30	11.35	6.23
Total bargains	28,844	28,814	27,733	28,385	27,220	28,268	18,065
Equity turnover £m.	—	184.75	165.89	171.88	260.26	184.40	102.27
Equity bargains	—	21,495	22,205	24,435	26,086	25,208	15,031

10 am 579.0. 11 am 582.8. Noon 585.1. 1 pm 591.2. 2 pm 591.0. 3 pm 590.3.
Latest Index 01-246 8026.
*Nil = 10.63.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (29/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 29	Apr. 28
—Daily Gilt Edged Bargains	161.3	178.7
Equities Bargains	159.3	148.9
Value	333.0	356.5
5-day Avrge. Gilt Edged Bargains	158.2	157.0
Equities Bargains	154.8	156.0
Value	382.6	381.3

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BAT Inds.	362	+27	Plessey	322	+4
Boots	257	+7	Racal Electronic	381	+7
Bowater	272	+12	RTZ	550	+20
Charter Cons.	265	+9	Tunnel B	421	+21
ICI	326	+16	Unilever	544	+26
P and O Defd.	163	+11	Wimpey (G.)	129	+12

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wed.'s closing price pence	Day's change	Stock	No. of price changes	Wed.'s closing price pence	Day's change
Rothmans	30	73	+3	Premier Cons.	18	68	+3
BAT Inds.	26	335	+17	Bowater	17	260	+3
ICI	25	310	+8	Charterhall	17	64	+4
KCA	25	155	+5	GEC	17	678	−2
NCC Energy	22	122	—	RTZ	17	530	+55
Blue Circle	18	478	+26	Hse. of Fraser	16	161	+3
Courtaulds	18	73	—	Brit. Aerospace	15	227	+6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 21	May 1	July 23	Aug. 3
May 11	May 22	Aug. 6	Aug. 11
May 26	June 5	Aug. 26	Sept. 7

For rate indications see end of Share Information Service

Call options were done in Carrington Viyella, Town and City Properties, Premier Oil, Debenhams, ICI, Burmah Oil, Charterhall, FNFC, Rothmans International, Thorn-EMI, Aurora, New Throgmorton Warrants, Canadian Pacific Minerals, Minster Assets, Laganvale Estates, Carless Capel, London Investment Trust, Howard Machinery, Keith Collins Petroleum, F. H. Lloyd, Tecalemit and French Kier. A put was arranged in Boots, and a double in RTZ.

NEW HIGHS AND LOWS FOR 1981

The following shares, quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (210)

BRITISH FUNDS (5)
BANKS (2)
BEERS (11)
BUILDING (20)
CHEMICAL (7)
DRAPERY AND STORES (22)
ELECTRICALS (14)
ENGINEERING (20)
FOODS (7)
HOTELS (1)
INDUSTRIALS (40)
INSURANCE (4)
LEISURE (2)
MOTORS (3)
NEWSPAPERS (1)
PAPER (4)
PROPERTY (4)
TEXTILES (8)
TOBACCOS (1)
TRUSTS (26)
OIL AND GAS (1)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (8)

NEW LOWS (23)

AMERICANS (4)
Bank America Corp. Do. 10pcLn.'91-95
Tenneco Zenith Corp.
CANADIANS (2)
Hawker Siddeley Can. Pcific Gas
BUILDINGS (2)
Carron Mer and Hassell
CHEMICALS (1)
Norsk Hydro
INDUSTRIALS (2)
Gieves Group Lawtex
PAPER (1)
Wace Group
TRUSTS (3)
Negit S.A. Hampton Trust
Corinthian
OILS (5)
Apolan Energy Oil and Gas
Hansa Pet. Pict Pet.
New Court Nat.
MINES (2)
Haoma Gold Tongkah Harbour
Gopeng Cons.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	—	19
Corpns. Dom. & Foreign Bonds	1	4	62
Industrials	413	193	755
Fin. & Props.	192	70	234
Oils	31	20	32
Plantations	2	6	15
Mines	43	47	76
Others	67	20	81
Totals	794	420	1,254

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., April 30, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. April 29 Index No.	Tues. April 28 Index No.	Mon. April 27 Index No.	Fri. April 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	364.57	+1.6	10.60	4.34	11.66	358.79	356.89	362.82	364.69	240.53
2	Building Materials (25)	332.11	+2.1	13.51	5.34	8.92	325.29	321.19	323.99	322.08	238.91
3	Contracting, Construction (28)	610.27	+3.5	15.41	4.41	7.73	589.43	588.40	600.78	604.75	354.80
4	Electricals (28)	1101.89	+1.3	7.91	2.41	15.68	1087.95	1085.01	1103.22	1113.44	625.70
5	Engineering Contractors (11)	512.28	+1.6	12.46	5.05	9.81	504.20	494.34	495.56	493.48	284.54
6	Mechanical Engineering (70)	229.06	+1.2	12.40	5.34	10.12	226.29	225.00	229.15	230.26	161.11
8	Metals and Metal Forming (13)	181.34	+2.3	8.70	6.74	15.01	177.27	176.39	180.35	181.18	166.56
9	Motors (21)	111.21	+1.4	7.64	7.14	20.36	109.66	109.20	111.21	110.19	103.89
10	Other Industrial Materials (18)	387.79	+1.2	10.67	5.31	11.26	383.32	382.20	391.14	394.56	0.00
21	CONSUMER GROUP (195)	294.51	+2.6	12.43	5.37	9.81	287.17	284.77	288.76	289.06	218.80
22	Brewers and Distillers (20)	320.86	+2.1	14.46	5.71	8.21	314.18	311.64	313.67	313.47	276.15
25	Food Manufacturing (21)	268.80	+2.9	14.57	5.87	8.16	261.29	260.43	263.56	262.91	192.26
26	Food Retailing (14)	548.36	+2.9	8.28	2.95	14.29	533.15	535.97	544.27	551.50	296.51
27	Health and Household Products (7)	315.47	+3.3	8.56	4.54	13.89	305.45	301.60	308.69	310.75	189.82
29	Leisure (22)	444.48	+1.1	11.55	5.06	10.49	439.57	437.06	443.64	444.59	294.11
32	Newspapers, Publishing (12)	513.75	−0.2	17.17	5.75	7.64	514.77	512.46	516.15	511.24	399.37
33	Packaging and Paper (14)	161.26	+3.8	16.56	7.16	7.09	155.35	154.00	158.12	159.22	133.66
34	Stores (44)	294.06	+2.2	10.06	4.30	12.99	287.79	285.54	290.05	288.94	216.12
35	Textiles (22)	171.37	+2.0	11.65	7.54	11.95	168.09	166.49	169.46	168.77	125.16
36	Tobaccos (3)	263.74	+5.2	19.97	9.41	5.84	250.72	241.71	243.28	246.01	211.70
39	Other Consumer (16)	310.10	+0.1	12.04	6.21	10.79	309.83	308.07	310.62	309.62	0.00
41	OTHER GROUPS (79)	249.19	+2.3	12.38	6.03	9.95	243.66	241.92	246.88	246.97	202.99
42	Chemicals (15)	320.04	+4.1	10.07	6.45	12.59	307.53	302.99	310.65	309.90	300.35
44	Office Equipment (6)	124.11	+0.4	14.85	6.70	7.94	123.63	122.69	126.60	127.99	112.69
45	Shipping and Transport (13)	642.05	+1.7	13.29	5.79	8.99	631.61	630.59	641.83	644.76	508.23
46	Miscellaneous (45)	305.91	+0.9	14.19	5.44	8.68	303.24	303.19	307.11	306.85	244.59
49	INDUSTRIAL GROUP (488)	312.40	+2.2	11.74	5.07	10.45	305.79	303.63	308.44	309.21	227.36
51	Oils (12)	796.06	+1.7	22.38	7.07	4.95	782.63	785.89	803.32	828.64	729.19
59	500 SHARE INDEX	351.29	+2.1	13.56	5.41	8.78	344.11	342.35	348.15	350.78	267.35
61	FINANCIAL GROUP (118)	261.62	+1.4	—	5.40	—	258.06	258.30	262.82	264.63	201.40
62	Banks (6)	256.82	+0.3	36.03	7.05	3.23	255.94	258.59	264.04	267.33	212.37
63	Discount Houses (10)	308.70	+0.2	—	6.47	—	308.03	308.07	309.45	303.05	243.00
64	Hire Purchase (4)	266.07	+1.6	8.46	4.66	16.35	261.78	261.24	265.05	267.05	207.93
65	Insurance (Life) (10)	267.91	+0.8	—	5.58	—	265.82	264.86	269.92	271.75	182.10
66	Insurance (Composite) (9)	171.86	+4.0	—	7.15	—	165.31	164.59	167.51	167.43	130.61
67	Insurance Brokers (8)	384.13	+3.4	11.53	6.00	11.73	371.66	367.26	378.62	382.58	298.88
68	Merchant Banks (13)	159.38	+0.2	—	4.92	—	159.03	160.17	161.27	161.00	103.39
69	Property (48)	502.08	+0.7	3.09	2.51	44.55	498.42	498.04	505.89	511.32	400.86
70	Miscellaneous (10)	169.66	+0.3	18.65	6.10	6.51	169.20	170.17	171.93	172.23	126.21
71	Investment Trusts (109)	314.98	+0.8	—	4.90	—	312.52	311.90	316.33	318.10	215.21
81	Mining Finance (3)	261.78	+2.6	12.89	5.12	9.01	255.13	238.84	239.93	240.44	182.90
91	Overseas Traders (20)	481.29	+0.9	11.18	6.05	10.96	476.99	477.73	483.97	478.55	380.20
99	ALL-SHARE INDEX (750)	332.10	+1.9	—	5.39	—	326.02	324.31	329.65	331.87	251.01

FIXED INTEREST

	PRICE INDICES	Thurs. April 30	Day's change %	Wed. April 29	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.46	+0.16	108.29	—	3.75
2	5-15 years	110.88	+0.12	110.74	—	3.86
3	Over 15 years	114.19	+0.13	114.05	—	4.65
4	Irredeemables	123.74	—	123.74	—	6.23
5	All stocks	110.87	+0.13	110.72	—	4.07
6	Debentures & Loans	87.73	+0.25	87.51	—	3.66
7	Preference	67.61	−0.04	67.63	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. April 30	Wed. April 29	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.70	11.76	12.40
2		15 years	12.23	12.25	12.29
3		25 years	12.35	12.36	12.29
4	Medium Coupons	5 years	13.31	13.35	14.05
5		15 years	13.81	13.82	13.89
6		25 years	13.51	13.53	13.77
7	High Coupons	5 years	13.26	13.30	14.20
8		15 years	14.00	14.01	14.20
9		25 years	13.69	13.70	14.20
10	Irredeemables †		11.77	11.77	11.57
11	Debs & Loans	5 years	14.44	14.48	14.88
12		15 years	14.44	14.48	14.76
13		25 years	14.44	14.48	14.64
14	Preference †		14.52	14.51	15.95

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 6 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 96.5 96.6 ..... 13.98
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM32.20 33.90 ..... —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. April 21 $4.82 5.06 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.42 17.34 −0.02 —

[illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 152.7 162.9 ..... 3.25
H.S. Fixed Int. Fd. 94.0 98.0 ..... 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$25.48 26.50 −0.29 —
CSF Fd. (Acc.) SF18.94 19.33 ..... —
Crossbow Fd. SF7.04 7.16 +0.04 —
ITF Fd. (Acc.) US$14.01 14.27 −0.10 —

[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Trust Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd. (a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Churchill Fund Managers(a)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scottish Securities Ltd.

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International S.A.

Capital Asset Management Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Clariden Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortese International

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	1981 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99 21/32	97 1/2	Exch. 8 1/4pc 1981	99 21/32	+1/16	8.27	10.97
99 1/2	97 1/4	Exch. 9 1/2pc 1981	99 1/2	+1/32	9.55	11.73
97 1/2	93 3/4	Exch. 3pc 1981	97 1/2	+1/8	3.07	11.41
99 13/16	99 1/8	Treas. Variable '81§§	99 13/32xd	......	13.45	12.26
100 1/2	99 1/4	Exch. 12 3/4pc 1981‡‡	100 1/32xd	+1/8	12.64	11.22
97 1/4	95 1/2	Treas. 8 1/2pc '80-82‡‡	97 3/4	+1/16	8.68	11.61
95	91 3/4	Treasury 3pc '82‡‡	94 5/8	......	3.17	10.51
102 1/8	100 1/8	Treasury 14pc '82‡‡	101 3/4	+1/8	13.75	11.74
99	98 1/2	Treas. Variable '82§§	98 1/2	......	11.87	12.71
95 1/4	93 1/2	Treasury 8 1/4pc '82	95 1/2	+1/8	8.63	12.44
96 1/8	93 1/2	Exch. 9 1/4pc 1982	95 5/8	+1/8	9.67	12.70
94 3/8	92 5/8	Exch. 8 1/4pc 1983	94 1/2	+1/8	9.25	12.43
89 1/4	84 3/4	Exch. 3pc 1983	88 1/2	+1/8	3.38	10.89
99 3/8	97 3/8	Treasury 12pc 1983‡‡	98 1/4	+1/16	12.19	12.92
98 1/2	96 1/4	Treas. Variable '83§§	98 1/2xd	+1/16	13.50	12.72
94 1/8	92 1/4	Treasury 9 1/4pc '83	93 3/4	+1/8	9.89	12.72
101 1/2	100 1/4	Exch. 13 1/2pc '83	101 3/8xd	+1/8	13.32	12.88
94 1/8	92 1/4	Exch. 10pc 1983	93 1/4	+1/16	10.70	13.01
87 1/4	84 1/2	Funding 5 1/2pc '82-84‡‡	86 1/4	......	6.38	11.53
96 1/4	94 1/2	Exch. 11 1/4pc 1984	96	+1/8	11.71	12.96
103 1/8	101 1/2	Exchequer 14pc 1984	102 5/8xd	+1/8	13.64	12.95
80 5/8	78 1/2	Exch. 3pc 1984	79 1/4	+1/4	3.78	10.99
98 1/2	96 1/4	Treasury 12pc 1984	97 1/4	+1/8	12.28	12.82
107 1/4	104 3/4	Treasury 15pc 1985	106 5/8	+1/8	14.06	12.72
98 3/4	96 1/2	Exch. 12pc Cnv. '85	97 5/8	+1/8	12.29	12.77
75 1/4	73 1/4	Treasury 3pc 1985	74 5/8xd	+1/4	4.02	11.91
15 1/2	14 1/2	Treas. 11 3/4pc '85 (£15pd.)	14 5/8	+1/8	11.96	12.73
98 3/4	96 1/2	Exch. 12 1/4pc 1985	97 13/32xd	+1/16	12.50	12.87
97 1/8	93 5/8	Exch. 11 3/4pc '86	96	+1/16	12.23	12.87
		Five to Fifteen Years				
70 1/2	69	Treasury 3pc 1986	69 3/4	+1/8	4.33	11.11
97 1/2	97 1/8	Treasury 12pc '86	97 1/4	+1/8	12.51	13.13
88 1/2	84 1/4	Treasury 8 1/2pc '84-86‡‡	88 1/8	+1/8	9.93	12.35
103 3/4	98 1/4	Exch. 13 1/4pc 1987	103 1/8	+1/8	13.31	13.34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	18	......	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
212	137	Bond Corp.	179	+1	Q7½c	1.9	2.1
102	76	Bougainville I Kina	92	+3	Q26.2c	1.8	14.8
302	214	CRA 50c	256	+12	Q19c	1.7	3.8
25	17½	Canada Northwest	19	−½	—	—	—
35	17	Carr Boyd 20c	18	......	—	—	—
415	60	Central Pacific	117	+7	—	—	—
35	35	Cons. Gold Fld. N.L. 50c	35	......	—	—	—
47	33	Cultus Pacific N.L.	32ø	......	—	—	—
32	22	Eagle Corp. 10c	25	−2	—	—	—
40	29	Endeavour 20c	31	+1	—	—	—
500	310	G. M. Kalgoorlie 25c	390	+10	†Q13c	ф	1.7
25	11	Great Eastern	11	−1	—	—	—
275	180	Hampton Areas 10p	198	+16	t2.5	2.4	1.8
168	66	Haoma Gold N.L.	66	−6	—	—	—
85	42	Intl. Mining	45	+2	—	—	—
245	140	Kitchener NL 25c	160	......	—	—	—
105	45	Leichardt Expln.	50	......	—	—	—
430	275	Meekatharra	350	−18	—	—	—
70	49	Metals Ex. 50c	66	−1	§Q3c	2.9	2.4
36	20	Metramar Min. 20cts.	30	......	—	—	—
267	190	M.I.M. Hldgs. 50c	256	−1	‡Q27.6c	1.7	‡
21	11½	Minefields Expl. 25c	12½	−½	—	—	—
108	33	Mount Lyell 25c	100	+10	♦†Q15c	1.7	7.8
20	14	Newmetal 20c	15	......	—	—	—
69	41	Nickelore N.L.	61	+2	—	—	—
204	149	North B. Hill 50c	172	−1	Q18c	3.1	5.5
84	50	Nth. Kalgurli	61	......	—	—	—
175	94	Nth. Mining Corp.	145	+1	—	—	—
122	46	N. West Mining N.L.	45	......	—	—	—
248	106	Oakbridge 50c	134	−3	tQ12c	1.1	4.6
185	138	Otter N. L.	150	......	—	—	—
186	164	Pacific Copper	184	−2	—	—	—
605	475	Pancont'l 25c	525	......	—	—	—
70	42	Paringa M.&Ex. 5p	61	+2	—	—	—
525	375	Peko-Wallsend 50c	500	......	♦Q22½c	ф	2.3
43	27	Pelsart Res N.L.	37	−2½	—	—	—
120	85	Seltrust A	110	......	—	—	—
157	34	Southern Pacific	52	+2	—	—	—
72	42	Swan Resources 20c	42	......	—	—	—
18	11½	West Coast 25c	12½	......	—	—	—
300	227	Western Mining 50c	281	+1	Q14c	1.6	2.5
27	19	Westmex	21	......	—	—	—
76	59	Whim Creek 20c	50	......	—	—	—
101	68	York Resources	73	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	10	Amal Nigeria 1p	11	......	‡16.0	—	—
300	255	Ayer Hitam SM1	260	......	‡Q205c	1.0	‡
67	54	Beralt Tin	61	......	4.5	3.2	10.5
155	125	Geevor	125	......	‡8.4	1.9	‡
10	3	Gold & Base 12½p	10	......	—	—	—
660	560	Gopeng Cons.	560	−10	‡30.0	1.8	‡
450	350	Hongkong	390	......	21.0	ф	7.7
125	115	Idris 10p	118	......	26.0	ф	7.3
15	13	Jantar 12½p	15	......	1.5	ф	14.3
98	84	Kamunting SM0.50	86	......	‡Q80c	1.0	‡
775	545	Killinghall SM1	775	......	Q100c	ф	2.5
114	88	Malay Dredging 10c	114ж	......	♦hQ38c	0.9	6.4
67	30	Pahang	67	+3	0.44	0.3	0.9
103	92	Pengkalen 10p	92	......	3.5	0.6	5.5
380	345	Petaling SM1	345	......	Q180c	ф	10.1
25	19	South Crofty 10p	24	+1	‡1.0	ф	‡
225	200	Sungei Besi SM1	215	......	‡Q480c	1.1	‡
180	95	Supreme Corp. SM1	180	+5	♦Q15½c	ф	1.7
113	113½	Tanjong 15p	118	......	21.5	ф	1.8
99	75	Tongkah H. Tin 15m	75	−5	Q23%	0.4	6.1
410	350	Tronoh SM1	370	......	‡Q250c	0.7	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
295	165	Messina R0.50	295	+5	Q45c	4.7	8.7

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	170	......	—	—	—
55	40	Barymin	43	−2	—	—	—
24	14	Burma Mines 10p	19	......	0.75	8.9	5.6
315	180	Colby Res. Corp.	230	+35	—	—	—
270	239	Cons. Murch. 10c	260	......	tQ30c	1.8	6.6
98	75	††Hemerdon 10c	85	......	—	—	—
180	155	Highwood Res.	150	−5	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	550	+20	16.0	3.2	4.2
£125	£93½	[illegible]	£125	+11	Q9½%	—	†7.9
143	110	††SPO Minerals 10p	113	......	—	—	—
47	33	Sabina Inds. C$1	37	......	—	—	—
38	28	††SWCM 10p	34	......	—	—	—
550	435	Tara Expln. $1	525	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- ** Regional price.
- No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	+1
Berlam	14	......
Bdg'wtr. Est. 50p	500	......
Craig & Rose £1	£21¼	......
Fife Forge	53	......
Finlay Pkg. 5p	21	......
Graig Ship £1	£28	......
Higsons Brew	70	......
Holt (Jos) 25p	445	......
I.O.M. Stm. £1	158	+1
Pearce (C. H.)	965	......
Peel Hldgs.	100	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	175	......

IRISH

Conv. 9% '80/82	£93¾	......
Nat. 9¾% 84/89	£75	−¼
Fin. 13% 97/02	£80	−¼
Alliance Gas	79	......
Arnott	255	......
Carroll (P.J.)	87	−1
Concrete Prods.	95	......
Heiton (Hldgs.)	27	......
Ins. Corp.	395	......
Irish Ropes	53	......
Jacob	47xd	......
T.M.G.	23	......
Unidare	90	+2

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	15
B.S.R.	4½	"Imps"	7	Woolworths	5
Babcock	12	I.C.L.	6	**Property**	
Barclays Bank	25	Ladbroke	30	Brit. Land	8
Beecham	16	Legal & Gen.	20	Cap. Counties	11
Blue Circle	23	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	22	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	34	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	7	"Mams"	20	**Oils**	
Burton Ord.	12	Mrks. & Spncr	9	Brit. Petroleum	36
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	6	N.E.I.	7	Charterhall	9
Debenhams	8	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	13	Premier	18
Dunlop	7½	Plessey	30	Shell	34
Eagle Star	22	Racal Elect.	38	Tricentrol	30
F.N.F.C.	5½	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	20	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	14	Tesco	3½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	32	Trust Houses	18		
G.K.N.	16	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 44

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security.

FINANCIAL TIMES
Friday May 1 1981

Israel warns Syrians over missiles move

BY DAVID LENNON IN TEL AVIV AND DAVID BUCHAN IN WA SHINGTON

ISRAEL said yesterday that it will not tolerate the stationing of Syrian anti-aircraft missiles in Lebanon and that if diplomatic efforts failed to bring about their removal it would take military action to destroy them.

The tension which developed earlier this week after Israel shot down two Syrian helicopters over the Bekaa Valley in eastern Lebanon heightened yesterday as Israel debated its response to the Syrian move.

The U.S. is conducting intensive consultations with "virtually all parties" with influence in Lebanon in an effort to ease tension. Mr. Alexander Haig, Secretary of State, said the situation was "very worrisome."

Mr. Anatoly Dobrynin, Soviet Ambassador to the U.S., was called to the State Department in further efforts to persuade the Soviet Union to use its influence in restraining Syria.

Israel officials said that by moving the mobile SAM-6 missiles into positions around Rayak airfield near embattled Zahle, Syria had created "a new military and strategic situation."

Military officials said "the missiles constitute a danger to Israel," and not just the Christians in Lebanon whom Israel has pledged to support.

Mr. Menahem Begin, the Prime Minister, seemed yesterday to be trying to ease the crisis by saying Israel had no "official confirmation" that the missiles had been moved into Lebanon. But this public statement was in flat contradiction to an earlier confirmation by the Israel army and eye-witness reports from Lebanon.

It indicated, however, that Israel was willing to allow a little time for diplomatic efforts to have the missiles removed, before it launched a military operation to destroy them.

American diplomats in Tel Aviv said yesterday that the U.S. understood that Israel had to try to get the missiles removed, adding that there were still diplomatic channels available. But the tone of the comment indicated that if those efforts failed Washington would show understanding if Israel took military action.

Ihsan Hijazi writes from Beirut: Syrian MiG fighters flew over the Bekaa Valley yesterday while troops on the ground continued to set up the SAM missile batteries. Other MiGs flew over Beirut at high altitude.

The exercise showed that Syria has accepted the challenge posed by the Israelis. The state-controlled Syrian daily Al-Baath said Syrian forces were determined to discharge their full responsibility in Lebanon.

President Assad goes to the bring, Page 3

Rolls-Royce cuts loss to £27m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the Government-owned aero-engine manufacturer, reduced its net loss to £27m in 1980. This compares with a loss of £63m in 1979.

The company's annual report for 1980, issued today, shows that turnover rose from £848m to £1,258m, of which 44 per cent was accounted for by exports.

Lord McFadzean, chairman, said although rising costs made it difficult to maintain satisfactory margins, the company traded at a small profit of £11m before interest and tax, against a trading loss in 1979 of £47m.

Interest rose substantially to £33m, however, reflecting the company's increased loans of £187m needed to finance stocks, work in progress and investment in plant and equipment.

The company invested £50m in new facilities and equipment, during the year, including 70 advanced numerically-controlled machine tools at 10 factories in the UK and three in North America.

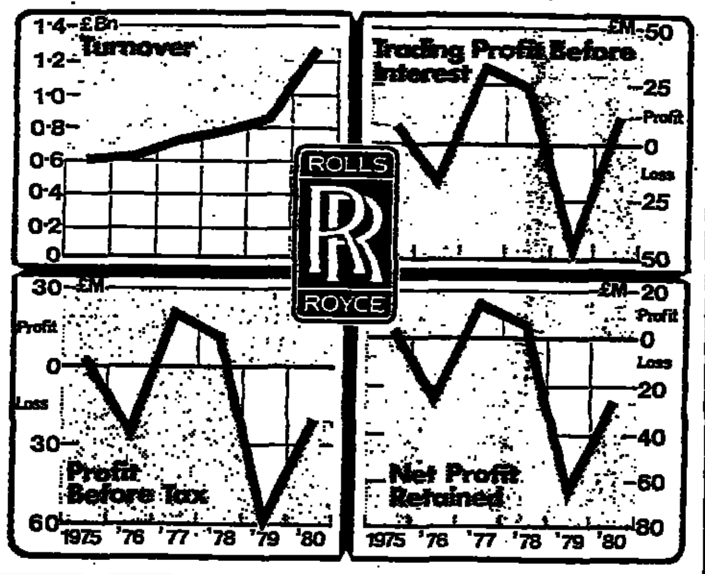
Since 1978 output per employee has risen 25 per cent, a further 30 per cent increase is planned by 1984.

Rolls-Royce has conducted a major campaign among its component and equipment subcontractors, who together account for about 70 per cent of the company's production costs.

As a result, Lord McFadzean said, "they too now recognise opportunities to improve their efficiency. We are encouraging their plans and promoting lower costs by design changes permitting easier manufacture of the parts they supply."

The report shows that during the year one director who left the company received £85,000 compensation for loss of executive office.

Tough drive to better productivity, Page 9



Mr. Peter Walters new chairman of BP

Walters to become BP chairman in November

By Ray Dafter, Energy Editor

MR. PETER WALTERS, a deputy chairman of British Petroleum, the UK's largest industrial group, will succeed Sir David Steel as chairman on November 29.

Mr. Walters, aged 50, is the younger of the two contenders for the position. The other, Mr. Christopher Laidlaw, aged 58, will remain senior deputy chairman and head of BP Oil International, the group's main operating arm.

Mr. Robin Adam, finance director for the past six years, will replace Mr. Walters as a deputy chairman.

Sir David will retire at 65 although at yesterday's annual meeting he suggested that future chairmen should follow the company practice of retiring at 60.

During the meeting he again criticised increasing North Sea oil taxtion and, in particular, the practice which prevented offshore profits being used to offset onshore losses. BP was losing money on its UK oil refining and chemicals business.

"We are keen to continue investing here, but we get no tax allowance for any such new investments while at the same time we are paying massive taxes on our full offshore profit.

"To deny Corporation Tax allowances for North Sea profits reinvested in this country must discourage North Sea companies from ploughing back their profits here and discourage them from creating the jobs that this country needs."

Mr. Walters has been deputy chairman since January. His responsibilities include personnel and the group's chemicals and shipping operations.

One of his main tasks will be to bed down the group's new corporate structure. The company has recently divided its operations into several distinct international businesses.

This has left the corporation with a smaller head office responsible for setting policies and monitoring results.

Mr. Walters joined the company in 1954 and spent much of his early career in BP's international oil supply operations. In 1971 he was appointed regional director for the Western Hemisphere, Australaisia and Far East and two years later became a group managing director.

Men and Matters, Page 24
Change needed in North Sea taxes, Page 27

U.S. reviews membership of Multi-Fibre Arrangement

BY GILES MERRITT IN NEW YORK

THE U.S. GOVERNMENT is reviewing its membership of the Multi-Fibre Arrangement, the international agreement used to control world trade in textiles, because of concern that the EEC plans to make the pact more restrictive.

Negotiations on a new agreement are due to take place in Geneva later this year.

According to senior officials in the Council of Economic Advisers in the U.S. the EEC's likely attempt to reduce the rate of imports from the less developed textile - exporting countries is viewed as "unattractive."

Last month the European Commission in Brussels made plain that it planned to demand tough limits on textile imports from the 26 countries involved in the MFA.

The U.S. declaration might prompt a re-examination of the EEC's position. The EEC considers tighter controls on textile imports are needed to safeguard employment in the industry in EEC countries.

Mr. Murray Weidenham, chairman of the Council of Economic Advisers, has emphasised that the U.S. review of its Multi-Fibre Arrangement participation has only just started, and could result in an initiative for launching a new textile trading framework.

U.S. Administration officials believe the agreement started in 1973 as a trade liberalisation measure permitting specified increases in less-developed countries' exports, has become increasingly protectionist.

But the Administation's championing of the textile exporters' case is linked with concern that further curbs on their textile sales would in turn hit U.S. cotton sales. Many of the exporters are heavy users of U.S. cotton, and the International Cotton Agreement is also due for renegotiation this year.

Our World Trade Staff writes: Suggestions that the U.S. might withdraw from the Multi-Fibre Arrangement were greeted with scepticism in London last night. The suggestions were thought to be a negotiating ploy on the eve of the negotiations on the agreement.

The U.S. has been just as ready as the EEC to negotiate tight import agreements with less-developed countries, it was noted, and the U.S. textile industry was no more ready than its European counterparts to face a flood of cheap imports from lower-cost producers.

Any new international agreement would in any case have to be negotiated under the aegis of the General Agreement on Tariffs and Trade. This would tend to force the U.S. back on to an adapted textiles agreement.

Votes threaten apartheid reform

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA's ruling National Party (NP) suffered large - scale defections by English-speaking voters and conservative Afrikaners in the General Election results announced yesterday. The results put in doubt the cautious racial reforms programme promised by Mr. P. W. Botha, the Prime Minister.

The biggest swing in the 2m-strong white electorate, 65 per cent of whom voted, was to the extreme conservative Herstigte Nasionale Party (HNP). This increased the party's share of the poll by more than five-fold, to almost 200,000, but failed to win it a single seat.

Although the swing to the Left was smaller the liberal opposition Progressive Federal Party (PFP) gained nine seats, to take a total 26.

Political observers expect Mr. Botha to come under extreme pressure from his party to retard or abandon reforms in the face of the defection of so many traditional Government voters to the extreme Right. But his supporters insist he will maintain his initiatives to streamline and liberalise the apartheid system.

The National Party won 131 of the 165 elected seats in Parliament but its share of the poll fell from 65 to 55 per cent, representing 780,000 voters. The PFP was supported by 263,000 voters. The middle-of-the-road New Republic Party lost four seats and gained two, to end up with eight seats.

The election was marked by a modest turnout on a new voters roll, indicating abstentions by Nationalist supporters in many areas. The majorities of many Nationalist candidates were cut by half.

Blacks treated the election with almost total indifference although some coloured schoolchildren briefly demonstarted at schools in Johannesburg and the Cape.

The defeat of Dr. Dawie de Villiers, Minister of Industry and former Ambassador to London, in the Gardens constituency, Cape Town by the PFP, was a blow to the Government.

Dr. Connie Mulder, the former Minister of Information, failed to regain his seat at Randfontein, Johannesburg, by 990 votes.

Mr. Jaap Marais, leader of the HNP, told supporters after failing to defeat Dr. Andries Treurnicht, the Transvaal NP leader, that nevertheless "the rise of the HNP is the single most important factor in this election. Do not underestimate the panic will break out in Government circles over these results."

Feature, Page 24

Diesel fuel

Continued from Page 1

The widespread view at Westminster was that the Chancellor was likely to propose either a 2p to 3p increase on a packet of cigarettes or a 1p to 1½p increase on a pint of beer as the most effective way of raising the lost revenue.

"It is very important to maintain the balance of the Budget as originally designed in as acceptable a way as possible," he emphasised.

Mr. Peter Shore, shadow Chancellor, condemned the increased fuel tax on both petrol and diesel as "a savage further imposition of tax on the consumer."

He believed motorists and road transport generally had been singled out for quite exceptionally harsh treatment in the Budget. It was a further massive demand deflation at a time when the economy was reeling under the impact of the recession.

Lynton McLain writes: The reduction in the duty on diesel fuel, while welcomed by the CBI and the Freight Transport Association, is likely to have only a marginal impact on the distribution costs of industry and commerce.

Richard Mooney writes: The National Farmers' Union welcomed the aid for glasshouse growers which is intended to compensate for unfair competition from Dutch growers whose heating costs are subsidised.

But Mr. Richard Butler, the union's president, said the £5.5m was equivalent to only a third of the advantage currently enjoyed by the Dutch, and that pressure would continue for the Dutch gas price to be raised

Civil Service

Continued from Page 1

the campaign should be escalated to include a long-term Civil Service stoppage of four-five days," round the Bank Holiday on May 25, "to be followed by selective strike action in the Department of Health and Social Security and the Department of Employment."

The unions have so far resisted action in these departments, since they would most directly hit the public.

Continued from Page 1

ICI

the first two months of this year showed no "significant improvement" over the recession-hit levels of the previous six months. But volume sales began to improve in March—although ICI said it was "still too early to say whether this is the start of a sustainable recovery."

Total sales for the first three months of this year were £1.5bn—only £27m lower than the total for the first quarter of last year. Overseas sales of £894m were higher than in the first quarter of last year, before the recession struck, when they were £857m and the company's pre-tax profits were £171m.

But ICI said chemicals sales volume was only 1 per cent up on the last three months of 1980 overall, although it had risen 12 per cent on the Continent. It had risen 1 per cent in the UK and dropped 3 per cent overseas excluding the Continent.

The group said its wage bill for the first quarter of 1981 had been cut by about £10m—last year it shed more than 6,000 jobs. The greater part of this saving had been made in the UK.

Bank bids may go to Monopolies Commission

By Michael Lafferty

MR. JOHN BIFFEN, the Trade Secretary, is believed to have accepted a recommendation from the Office of Fair Trading that the two rival bids for the Royal Bank of Scotland should be referred to the Monopolies Commission.

An announcement is expected today or early next week.

Royal Bank group includes two banks — Royal Bank of Sctoland, the largest Scottish bank, and Williams and Glyn's, a London-based bank with more than 300 branches. Its board favours a revised bid from Standard Chartered Bank, the large British overseas bank, and reacted coolly to a rival bid from the Hongkong and Shanghai Banking Corporation.

Observers believe the Hongkong and Shanghai bid could be referred on the grounds that a foreign bank is seeking to acquire a major British, or Scottish bank.

Weather

UK TODAY

Mainly cloudy with rain at times.

London, Midlands, S.E., S.W., E. England, Channel Is
Mainly cloudy. Max. 15C (59F).

Wales, N.W. England, N. Ireland
Outbreaks of rain or drizzle, dry later. Max. 13C (55F).

N.E. England, S. Scotland
Bright intervals, scattered showers developing. Max. 10C (50F).

C., N. Scotland, Orkney, Shetland
Bright intervals, wintry showers. Max. 6C (43F).

Outlook
Sunny intervals and showers. Cold generally.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	L. Ang.†	S	36	98
Algiers	F	21	70	Luxmbg.	R	10	50
Amsdm.	R	10	50	Luxor	S	20	68
Athens	S	19	66	Madrid	S	17	63
Bahrain	C	30	86	Majorca	C	17	63
Barclna.	S	19	66	Malaga	R	14	57
Beirut	C	18	64	Malta	S	21	70
Belfast	R	11	52	M'chstr	R	10	50
Belgrd.	C	17	63	Melbne.		—	—
Berlin	R	12	54	Miami†	S	28	82
Biarritz	C	13	55	Milan	F	17	63
Bmghm.	C	13	55	Montrl.†		—	—
Blackpl.	R	9	48	Moscow	C	6	43
Bordx.	C	14	57	Munich	C	13	55
Boulgn.	F	11	52	Nairobi		—	—
Bristol	C	12	54	Naples		—	—
Brussels	C	12	54	Nassau		—	—
Budpst.	R	11	52	Nwcstl.	C	13	55
Cairo	C	31	88	N. York†		—	—
Cardiff	C	11	52	Nice	F	16	61
Cas'b'ca	F	18	64	Nicosia	S	22	72
Cape T.		—	—	Oporto	S	19	66
Chicg.†		—	—	Oslo	F	9	48
Cologne	R	11	52	Paris	C	17	63
Cpnhgn.	C	7	45	Perth		—	—
Corfu	S	21	70	Prague	R	9	48
Denver†		—	—	Rykjvk.	S	1	34
Dublin	C	13	55	Rhodes	S	20	68
Dbrvnk.	S	17	63	Rio J'o†	C	31	88
Ednbgh.		—	—	Rome	S	18	64
Faro	C	16	61	Salzbrg.	C	13	55
Florence		—	—	S'cisco†		—	—
Frankfr.	C	12	54	S. Mritz.		—	—
Funchal	F	17	63	Singapr.	R	31	88
Geneva	F	14	57	S'tiago†		—	—
Gibrltr.	R	14	57	Stckhm.	Sn	1	34
Gl'sg'w	C	12	54	Strasbg.	C	13	55
G'rnsey	C	12	54	Sydney	R	19	66
Helsinki	F	5	41	Tangier		—	—
H. Kong	S	29	84	Tel Aviv	C	20	68
Innsbrk.	C	14	57	Tenerife	F	14	57
Invrnss.	C	7	45	Tokyo	R	24	70
I. o.Man	C	12	54	T'r'nto†		—	—
Istanbul	R	10	50	Tunis	S	23	73
Jersey	C	15	59	Valencia	F	19	66
Jo'burg	F	18	65	Venice	F	15	59
L. Plms.	C	19	66	Vienna	C	13	55
Lisbon	S	19	66	Warsaw	R	7	45
Locarno	S	17	63	Zurich	S	14	57
London	C	15	59				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

ICI starts on the long road back

ICI's public pronouncements during the winter, culminating in its dividend cut, resounded with doubt about any early recovery in chemical volume. Even the chairman's more cheerful remarks about March sales at last week's annual meeting had not prepared the equity market for the extent of the rise in profits.

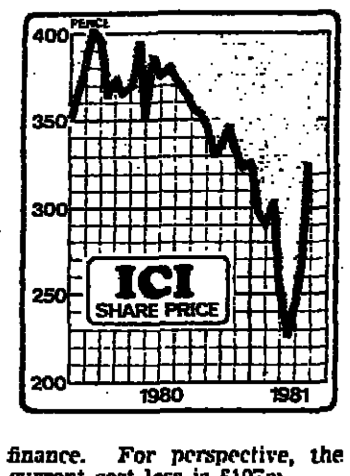
First quarter pre-tax profits, at £52m (roughly half from oil) compare with £7m in the last quarter and £171m in the first quarter of 1980. This bounce was enough to take the shares up 16p to 326p, where they yield a safe 7.4 per cent—rather than, as in October at this level, a shaky 10 per cent—and to lead equities to a new peak.

Higher volume in continental Europe has reduced losses in organics, petrochemicals and plastics. But much of the improvement — a good £20m between the October and January quarters—results from lower redundancy and other costs above the line, and from fixed cost reductions as the 1980 cutbacks begin to show a benefit. There is also some element of stock profit: the current cost figures show a much less marked improvement between the two quarters, since there is a larger first quarter cost of sales adjustment.

April seems to have turned out rather like March, and although the recovery remains fragile it is pretty clear that ICI is edging in the right direction. So the analysts are now looking for 1981 profits of well above £300m (against £284m), and the bulls are doubling this figure for 1982.

This year there will be poor current cost cover for the dividend, and anyway an embarrassed board is unlikely to be thinking in terms of an increase just yet. The ICI directors marked the low point of the cycle almost to the day with their dividend cut, and a manic-depressive stock market has taken the share price down to 226p and back. In retrospect, the last few months look very odd.

Index rose 17.4 to 597.3



Rolls Royce

Rolls-Royce has reported pre-tax losses of £22.4m for 1980 compared with £58m a year earlier—but the comparison is distorted by the big provisions against foreign exchange movements in 1979. Excluding these, the latest figures could actually represent some deterioration. They have also been flattered by the Government's decision to waive certain levy payments during the year rather than to provide that much extra equity finance. For perspective, the current cost loss is £107m.

The cash outflow is the key figure in a period when the expansion of the big civil jet business is having a dramatic impact on the workload. Net working capital rose by £180m in 1980 (or 69 per cent) and virtually all the £224m invested in working capital and fixed assets came from the banks or the Government.

Productivity is improving in line with target, and the group expects to move into the black in 1981. But the most testing period has yet to come. Volume growth could be no higher than 10 per cent this year, compared with 35 per cent in 1980, and there is much more uncertainty in the civil aviation market than a year ago. Productivity gains will be harder to achieve in these circumstances, and the market for new engines to be delivered in the mid-1980's is highly competitive.

At least the need for external finance is likely to be much smaller this year. But Rolls-Royce will still need to put together another sizeable financing package with its bankers.

George Wimpey

At the halfway stage George Wimpey's pre-tax profits had risen by 12 per cent. Although conditions deteriorated sharply in the latter part of 1980, the second half has paradoxically produced a rise of no less than 17 per cent, so that the outturn for the year shows a gain of £7½m to £54.9m. The pattern reflects the group's delayed-action accounting policies more than anything else; and as usual, there is not even a breakdown of profits between the UK and abroad.

The underlying picture in the UK is of house completions down 1,300 to 9,200 and a lower level of orders on the construction side. Even though the group is avoiding fighting for volume its margins are not being squeezed. Abroad the contribution is well up, in spite of a downturn in North America. The unknown here, however, is the transfer of the British Smelter Corporation—active in the Gulf—from associate to subsidiary status.

Wimpey has managed to reduce its debt by more than a third, partly by running down its land bank, cutting capital expenditure and switching heavily to timber frame buildings. But with UK house completions falling below 9,000 this year, the group pre-tax outturn in the current year may well be nearer £40m than £50m. The shares rose 12p yesterday to 129p, uneasily supported by a yield of less than 3 per cent.

Hoover UK

Although Hoover's pre-tax loss has increased to £3.8m in the first quarter, compared with £2.6m in the preceding three months, there are signs that there may be a return to profit in the second half. In fact, once the redundancy costs and overseas figures are stripped out the UK loss has been more or less halved between the two quarters. The 900 further redundancies announced last month effectively cancel the costs of the January wage rise, volume has been maintained and prices are now back up to the level of a year ago. But Hoover is nevertheless a long, long way from producing a real return on capital. So while the shares dropped 2p yesterday to 143p, they have still sharply outperformed the market over the last month in a way that the trading prospects alone cannot begin to justify.

All Stocks Index

Happily for the Government, the introduction of the new system of stock relief for companies is coinciding with historically very low levels of inventory price inflation. Thus the Inland Revenue's latest provisional calculation of its All Stocks Index shows that companies with March year-ends will only be able to claim relief in respect of 6 per cent of opening stocks, even less than the 7 per cent which was the stock inflation figure allowed for December year-end companies. But the rate may be starting to pick up; in the first quarter the annualised rate was near 12 per cent.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.